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MAINE — POLITICAL BAROMETER *

IN the early fall, shortly after the forthcoming presidential campaign swings into stride, the political spotlight will be turned for a day on the State of Maine. This day is the second Monday in September, when the Maine voters will go to the polls to elect a governor and other state officers and representatives to the United States Congress. The returns from this election are of large importance, because Maine is widely regarded as a political barometer for the nation. If the reading shows the customary Republican vote, this party's candidate for president may look forward to clear political skies in the country; if the barometer shows a precipitate drop in Republican strength, however, the party nominee is doomed to drown in a nationwide storm of Democratic ballots. "As Goes Maine, So Goes the Union" is the traditional dictum.

Opinion as to the predictive validity of the early Maine returns differs. *The New York Herald Tribune* declares that the September election "is a barometer that seldom errs".[1] *The New York Times,* on the other hand, would relegate the whole concept to the "dictionary of superstitions".[2] What is the true forecasting worth of the Maine election? For an answer to this question, it is necessary, first, to sketch briefly

* The materials for this paper are drawn from a larger study of straw votes and other forms of political prediction. A more comprehensive presentation of the data will be published in book form by the Columbia University Press. The study was made under the auspices of the Columbia University Council for Research in the Social Sciences and under the direction of Professor Robert E. Chaddock.

[1] Quoted from the *Literary Digest,* Sept. 20, 1930, p. 8.

[2] Sept. 13, 1926.

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the beginnings of the "As Goes Maine" slogan, then to explain its implications for practical politics, and finally to conduct concrete forecasting experiments.

Maine gained her reputation for prognosticating the national election returns in the memorable "Log Cabin and Hard Cider" campaign for the presidency in 1840. In that year the Whigs, with General William Henry Harrison as their candidate, were struggling to overturn Jacksonian control of the White House by defeating Martin Van Buren, the Democratic nominee. The clash of these opposing interests raised people's emotions to fever pitch, and there occurred, as a result, one of the most boisterous and spectacular political campaigns in American history.

Maine, at that time, was regarded as a solidly Democratic state. For two decades since her entry into the Union she had, with few exceptions, elected Democrats to places of public trust, and now this party was considered impregnable in the state. In the gubernatorial campaign of 1840 even the Whigs themselves expected defeat as a matter of course. A great surprise, however, was in store. On election day the Whigs overturned the customary Democratic plurality and elected their candidate, Edward Kent, to the governorship by a margin of sixty-eight votes.

The nation was electrified by this political upset. The Democrats were dumfounded. The Whigs joyously hailed the result as a portent of what was to come in November. Everywhere they celebrated the Maine victory with doggerel and song, chanting the now-familiar lines:

> Oh have you heard how Old Maine went:
> She went hell bent for Governor Kent
> And Tippecanoe and Tyler, too!

In November General Harrison was elected, carrying nineteen of the twenty-six states, and the widely heralded portent from Maine was dramatically fulfilled. From that day to the present the September returns from Maine have been charged with prophetic authority, and the slogan "As Goes Maine, So Goes the Union" has been of concern to men interested in the ebb and flow of the national political tide.

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It will be noted, significantly enough, that Maine's barometric reputation did not arise from scientific induction, i.e. repeated observation that the nation voted in November as did Maine in September, but rather as a result of a combination of historical circumstances the simultaneous happening of which might justly be regarded as fortuitous. Maine held an early election; the presidential campaign of 1840 aroused people's emotions and made them impressionable; the political apple cart in Maine was unexpectedly upset; the event was publicized as a forewarning of the November outcome in the nation; Harrison won and the portent from Maine came true—this is the historical stuff out of which Maine's initial prestige as a political barometer was wrought.[3]

The widespread popular belief that the September election in Maine foretold the November returns in the nation made the local campaign of marked interest to the leaders of the two major parties. A victory in this early election, they saw, would tend to bolster party morale throughout the country and would attract the so-called "bandwagon voter" whose chief interest in an election is to align himself with the winning side. It was part of good political strategy therefore to manipulate the election pressures in Maine, so far as possible, in order that the barometer reading that would go out to the nation on election night should be "right". This tinkering with the barometer has become a part of the game of politics, and we wish to consider this aspect of the subject next, first from the point of view of the national party leaders and then from the standpoint of the local political chieftains.

The national leaders seek to assure a favorable portent from Maine by reinforcing the local party workers with campaign

[3] The simple fact that Maine held an early election and therefore supplied one of the first official voting tests of the campaign season would, in any event, have made the September balloting of interest to the country at large. At least this was the case with the September election in Vermont, which was only abolished in 1913, and with other early states such as Pennsylvania, Indiana, Ohio, and Iowa, which held state elections in October until the 1870's and 80's. But without the spectacular début in 1840 the Maine prophecy would probably not have been inked so indelibly into the national consciousness, and would not have carried the glamor and authority that gave Maine a unique place among early states.

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orators and money. The extent and character of this aid has been made the subject of special investigation by the author. From 1910 to 1928, at least 337 speakers, it was found, had been sent to Maine by the two major parties to orate in their behalf in the September campaigns.[4] Of these non-resident speakers 215, or about two-thirds, brought the message of the G.O.P., while the remaining 122 carried the appeal of the Democracy. The list of orators is an impressive one, giving evidence that the responsibility of persuading the electorate of the barometer state to vote "right" is not placed upon the shoulders of hack workers in the party, but is largely reserved for men of the first rank. From 1910 to 1928 the political audiences of Maine heard ranking dignitaries as follows:

	Republicans	*Democrats*	*Total*
Ex-Presidents and ex-Vice-Presidents	3	..	3
U. S. Senators	33	10	43
Cabinet officers	4	9	13
Congressmen	98	40	138
Governors	16	6	22
Mayors and state legislators	3	5	8
Other officials	10	10	20
Professional and business men and others	48	42	90
Total	215	122	337

A veritable blue-book of American politics and enterprise, the list contains the names of scores of outstanding leaders whose genius has helped to direct the destinies of the nation. For the Republicans, for example, there have journeyed to Maine such illustrious men as Theodore Roosevelt, Charles Evans Hughes, William E. Borah, Nicholas Longworth, Will H. Hays, Calvin Coolidge, Theodore Burton, Henry Cabot Lodge, Charles W. Fairbanks, George W. Norris, James E. Watson, Frank B. Willis, George W. Pepper, George H. Moses, Ogden Mills, Warren G. Harding, James R. Garfield and Simeon D. Fess. On the Democratic side, we find such lumin-

[4] This figure was arrived at by scanning the pages of four leading newspapers for a period of one month in advance of the election day. It is not likely that all political addresses by non-residents were reported in these newspapers, nor that the investigators caught every story that was published, hence this figure must be regarded as a minimum estimate.

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aries as Champ Clark, William G. McAdoo, Josephus Daniels, Newton D. Baker, William C. Redfield, Franklin D. Roosevelt, J. Hamilton Lewis, Oscar Underwood, Thomas R. Marshall, Alton B. Parker, Bainbridge Colby, Samuel Untermeyer, Dudley Field Malone, Atlee Pomerene, Thomas P. Gore, Albert S. Burleson and Thomas W. Gregory.

On their appearance in Maine, many of these dignitaries spoke not once but several times. Brass bands and huge halls packed to the eaves with eager humanity are not necessary to draw the illustrious to this down-east state, for even the biggest orators willingly mount small platforms there and speak to little clusters of people whether in Skowhegan or Caribou.[5]

It is not as easy to check upon the monetary as upon the oratorical aid sent to Maine by the national party headquarters, since the data are less available, but, by piecing together several scraps of material, a satisfactory approximation of the extent of this assistance can be secured. The author is informed by at least three substantial local leaders that in recent presidential years, the Republican National Committee has customarily contributed from $20,000 to $50,000 for use in the September campaigns. The Democratic figure, according to these men, varies widely, and ranges from nothing to $50,000, with sums of more than $10,000 the exception rather than the rule. From other sources of information, specific amounts can be cited. In 1912 the local Republican leaders drew $20,000 from national headquarters. This was more than half of the total cost of the state campaign.[6] In 1916, the grant was

[5] A comparative study of non-resident orators appearing from 1910 to 1928 in the November campaigns in New Hampshire, where there was no barometric factor present, reveals the participation of 153 outside speakers. The comparable figure for Maine was 337. New Hampshire, of course, is worth only four votes in the electoral college to six for Maine, but it is geographically as accessible to speakers and is perhaps a little more in need of oratorical talent since the customary pluralities separating the two major parties are not as large as those in Maine. If, for the sake of the argument, it be allowed that between the two states all comparable factors that might influence the appearance of non-resident speakers, save worth in the electoral college, cancel out, then it is observed that the parties send over twice as many platform men to Maine as to New Hampshire, though the former state is worth but one-third more in the electoral college than the latter.

[6] *Portland Daily Press,* October 3, 1912.

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$40,000,[7] in 1924, $19,000, of which $6,000 was returned,[8] and in 1928, $38,000.[7] The Democratic National Committee made up a $50,000 war chest for the exciting September campaign of 1916, contributed nothing in 1920 and 1924 and sent $7,000 in 1928.[7]

In both oratorical and monetary assistance, it will be observed, the Republican National Committee has made heavier contributions to the September campaign in Maine than the Democratic National Committee. This is largely a reflection of the political advantage to be derived, for, generally speaking, the party that is locally dominant can make the greatest use of the barometer reading for purposes of national advertising. Having been in power in Maine practically without a break since 1856, the Republican party reaps this tactical advantage. In most campaigns the Republican exchequer has been amply filled, and the party leaders have not hesitated to concentrate men and money on the September fight. To do so is clearly shrewd political business, for the news of Republican victory in Maine is carried to the nation with booming headlines, and the party spokesmen are enabled to hail the returns as evidence of popular approval of the party's stand on national issues and as a portent of November victory.

For the Democrats, on the other hand, the sending of reinforcements to the September battleground is something of a tactical luxury. The Republican point of view is so strongly intrenched in the minds of the local voters, that, at best, the only reward which the Democrats could expect from such an effort would be to reduce the customary G.O.P. pluralities. This might be proclaimed throughout the country as a moral victory, but it would not carry much popular conviction, since the newspaper headlines would still read, "Republicans Win Maine". Never too well supplied with campaign funds and not wishing to make a decided stand on a field where they are sure to be publicly whipped, the Democrats have usually been

[7] Information supplied to the author by Miss Louise Overacker of Wellesley College, who has made special studies of campaign expenditures.

[8] Orren Chalmer Hormell, "Cost of Primaries and Elections in Maine", Bowdoin College Bulletin No. 157, Municipal Research Series No. 6.

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content to expend their electioneering energies in other directions. Conceptions of political advantage, of course, rule Democratic as well as Republican strategy. In 1916, for example, when the election of Woodrow Wilson depended upon the number of Progressives who could be kept from returning to the Republican ranks, the Democrats hurled their best oratorical shock troops and $50,000 into the Maine contest, in an effort to secure a barometer reading that would show this disposition of the Progressive vote. Similarly, the interest of the national Democratic chieftains in future Maine elections will, no doubt, be governed by tactical considerations.

From the point of view of the local political leaders in Maine, the prophetic prestige of the September state election represents an opportunity to be capitalized. A favorable omen in the first test of the political season, they know, is worth something to the strategy of a national campaign; hence they do not hesitate to press their claims for assistance upon the national party directorate. The aid thus obtained helps the local leaders to elect their men to the state offices. The assignment of distinguished orators makes it possible to stage political rallies with an all-star cast; the monetary appropriation hires workers, buys ink and paper and otherwise furnishes the sinews of political war.

But more than oratorical and monetary assistance from national headquarters, the barometric renown of the September election provides for the dominant party, at least, an effective electioneering theme. As pointed out previously, because the Republican party has been in the majority in Maine almost consistently since 1856, this party has made principal use of the theme. As urged upon the voters in every September campaign the argument is that the whole nation is looking to the Maine returns, particularly to the vote for governor, for a prophecy of the outcome of the national election in November. The local faithful, therefore, must make sure that the Republican gubernatorial candidate receives a large plurality, for this will draw to the party's presidential nominee the floating vote that desires to be on the winning side, and will inspirit the party workers in other states to renewed labor. Should the

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Republican voters fail in their duty and allow the Democrats to cut down the usual G.O.P. majorities, the chances of the party in the nation will be severely injured. In the face of this larger responsibility to the nation, local prejudice should be set aside. The real issue at stake in September is not so much the governor and local questions, but it is the word that shall go out from the barometer state on election night.

By means of slogans, speeches from the public platforms and editorials in newspapers, this barometer duty appeal is skillfully hammered into the consciousness of the voters. The slogans employed are designed to link the gubernatorial vote with that for the presidency. In the campaign of 1908 the motto was "A Vote for Fernald is a Vote for Taft." The cry in 1916 was "Vote for Milliken and Vote for Hughes." In 1920 the appeal was "Parkhurst by 25,000", it being thought that a plurality of that size would be regarded abroad as a tremendous Republican triumph and an omen of a Harding landslide. As a matter of fact, Parkhurst won the governorship by a plurality of 65,346 votes—which made the Maine victory seem impressive, indeed.

From the public platform national issues are continually discussed during a September campaign and the importance of the Maine vote to the psychology of the national effort is unceasingly emphasized. In 1920, to give but a single example of the numberless ones that might be cited, a Republican rally was held at Lake Cobbossecontee, near Augusta, at which Mr. Frederick H. Parkhurst, the party candidate for governor, and Mr. Will H. Hays, Chairman of the Republican National Committee, were the principal speakers. Mr. Parkhurst called attention to the momentous issues then facing the American people, particularly that of the League of Nations, and declared that Maine's "paramount obligation" was to blaze the political trail. "Our September election", said the gubernatorial nominee, "will exercise a vital if not a controlling influence over the November election. . . . The issues of the campaign are pregnant with importance, and upon their determination depends the country, perhaps the civilized

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world." [9] Mr. Hays then followed Mr. Parkhurst to the rostrum and in the course of a stirring speech against the Democratic stand on the League of Nations made an eloquent appeal to the citizens of Maine to do their duty. "You hold the post of honor", Mr. Hays told his audience.

> You must point the way. So before you go to the polls, let your eyes rest for a moment upon the twenty-third star of the forty-eight which gleam from the background of blue. That is your star, the star of Maine, the North Star of the Union, unblemished from the time, more than a century ago, when it was added to the galaxy of our national emblem. Let it not be tarnished now—illumine it afresh—by sending forth the message that Maine continues inflexibly American and rejoices in the privilege of being the first to voice to her sister states the spirit of complete victory which surely in November will crown Warren G. Harding and Calvin Coolidge—now leaders of the party, then leaders of the Republic.[10]

The editors of Maine newspapers likewise do their part in tutoring the Republican voters on the national significance of their September ballot, drawing word pictures of a nation turning anxious eyes on the Maine vote and then profoundly influenced by the results. Way back in 1856, when North and South were aflame over the question of extending slavery in the newly-settled territories of Kansas and Nebraska, the Bangor *Whig and Courier* editorially declared that the Maine September election could be justly regarded as a "turning point in the cause of freedom". Should the Democrats carry Maine, said the editor, the Republicans might lose the national election and thus give a permanent victory to the slave powers, "fixing the policy of slavery upon the American Union so long as it shall exist." [11]

In 1930, with the country in the throes of industrial depression and with the administration party confronted with a possible loss of the House of Representatives, an opportunity for service, scarcely less great than that of 1856, was seen by the Portland *Press Herald*. "A substantial Republican victory

[9] *Kennebec Journal*, August 23, 1920. [10] *Ibid.*

[11] Sept. 2, 1856.

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in Maine next Monday", said the *Press Herald,* "may have an excellent effect upon the rest of the country. It may be what is required to turn the tide, to provide the impetus which is necessary to stimluate business and to pull the country out of the slough of inertia which it now seems to be in".[12]

The use of the barometer theme for local electioneering purposes is seldom of advantage to the Democrats because their party is in the minority. To win the governorship of Maine, the Democrats must poll many votes that ordinarily go to the Republican candidates. The Republican voters are educated to the belief that their vote on state officers affects the national outcome; hence, should the Democratic leaders urge the people to do their barometer duty they would gain no more support from their own followers, and would certainly lose many votes from Republicans who might be willing to scratch their state ticket if they could be assured that such action would not damage the chances of their party in the nation. Only in a few instances have the Democrats been able to make political capital out of the September election. In 1852, for example, when Democratic ascendancy in the state was being threatened by rebellion in the ranks over prohibition and slavery, the regulars urged people to stand by the caucus nominee lest the Democratic candidacy of Franklin Pierce for the White House be hurt.[13] In 1884, again, the Democratic leaders told their followers that the best way to beat James G. Blaine for the presidency was to reduce the customary Republican plurality in his home state.[14] In 1912, when national victory loomed for the party as a result of the Republican-Progressive split, Democratic orators urged the desirability of electing a governor of their political faith so that it "will point the way to an overwhelming victory [in the nation] in November."[15]

On the whole, however, the early election, with its barometer implications, is a political liability to the local Democrats.

[12] Sept. 3, 1930.

[13] L. C. Hatch, *Maine, A History,* vol. II, p. 360.

[14] Editorial, Portland *Argus,* Sept. 8, 1884.

[15] From a speech by Champ Clark at Ellsworth, Maine, as reported in the Lewiston *Journal,* August 31, 1912.

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They receive little aid from their national headquarters, and they seldom have an opportunity to use the barometer duty appeal in electioneering. It is not strange, therefore, to find that the Democrats have made repeated efforts in the state legislature to initiate a change in the voting date from September to November and thereby eliminate the barometer factor from state politics. To change the voting date in Maine requires a constitutional amendment which necessitates the authorization of a popular referendum by a two-thirds vote of both houses of the legislature, and then approval of the amendment by the people at the polls. Since one or both branches of the legislature have been consistently dominated by the Republicans, or at least controlled to the extent of blocking a two-thirds vote, all attempts to alter the state election calendar have failed. The usual procedure has been to kill the bill in committee or to send the proposal to the floor with an unfavorable report, which is speedily adopted by a straight party vote. From 1909 to 1929 every legislature, except those of 1921, 1927 and 1929, has gone through this motion, and the legislative journal shows that similar occurrences took place in the sessions of 1889, 1887 and 1883, and in those of 1876 and 1875.[16]

Although the whole contest over the change of the voting date in Maine is essentially one of political advantage, the debates on the proposal in the House and Senate, as revealed by the legislative journal, are largely carried on in other terms. If there is a slight variation in the tenor of the remarks between the party spokesmen, it is perhaps the lot of the Democrats to touch the real issue somewhat more directly, since they are cast by the force of circumstances in the rôle of the dissatisfied minority. The Democratic legislators protest that

[16] Only once (1923), so far as the author is aware, has a bill for the change of Maine's voting date been introduced by a Republican. Curiously enough, one Republican governor, Bert M. Fernald, in his inaugural address of 1909 recommended the change on the ground that it was "a waste of time and money to hold two elections (in presidential years) where one can do as well", but no contemporary observer conversant with state politics of two decades ago, with whom the author has talked, has been able to offer an explanation of this unusual act.

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the September voting date tends to make the state election a football for national politics, and that in the scramble for large and impressive pluralities, a proper consideration of local issues is precluded. They argue further that the September voting date involves a needless waste of money since in presidential years a second election must be held in November to choose presidential electors. Finally, the Democrats contend, many farmers and fishermen, who cannot spare the time from their harvests to vote in September, would be able to go to the polls if the state election were held in November.

In opposing the change in the state election calendar, the Republican legislators argue that the September date is best fitted to Maine's climatic and industrial needs, that this date has traditionally been accepted for a long period of time, and that the people are wholly satisfied with the present arrangement. Maine, they point out, is a northerly state where the winter climate is severe. In September the weather and the condition of the roads permit people to attend political rallies to hear discussions of the issues involved in the campaign, and later to go to the polling places to deposit their ballots. In November, on the other hand, the county roads have mired and frozen, and travel to and from the polling places would be uncomfortable to the point of hardship, thus tending to disenfranchise the farmers, the aged and decrepit, and the women. The men who go "up the river" in the fall to work in the lumber camps or to hunt and guide would also be disenfranchised by the November voting date, say the spokesmen for the *status quo*.

That the September election involves extra expense, the Republicans readily agree, but they contend that the money is well spent since the early voting date enables many people who would otherwise be disenfranchised to exercise their voting rights. In presidential years the marked decline in turnout in the November election as compared with that in September, two months previous, is evidence, the majority leaders say, that the early election makes greater participation possible.[17]

[17] This latter argument, of course, neglects the fact that the chief elec-

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While many of these arguments have been urged with conviction, and contain of themselves a certain measure of plausibility, the correct interpretative key to this legislative combat is that of political advantage. No one can read the record of the debate and fail to detect the twinkle that was in the eyes of many legislators as they spoke for the purpose of the public record. More than in impassable roads or in the disenfranchisement of various types of voters, the Republicans are interested in retaining the September voting date for the help it brings from the National Committee and for the electioneering value of the barometer appeal. More than with the fishermen bobbing off the coast in September while others vote, or with the cost of a second election every four years, the Democrats are concerned with the handicap that Maine's early election compels them to work under. The Republicans are "in" and their knowledge of politics bids them yield no advantage that will make it easier for them to be put "out". The Democrats are "out", and if they could remove the barometer handicap, it would be easier to get "in". This is the substance of the issue in a nutshell.

It becomes clear from the above discussion that the Maine early election, which gained its initial renown as a result of a "historical accident", has proved of tactical advantage to the party leaders and has been skilfully exploited by them. However much of truth there may be in the saying, "As Goes Maine, So Goes the Union", at least part of the unique authority which the maxim has exercised in the field of political prediction can be ascribed to the publicity given to it as a result of its propagandistic value.

We can now proceed to an experimental analysis of the "As Goes Maine" rule to determine how much truth there is in this predictive maxim. Certain it is that a great many people have believed in the reliability of the formula. Hard-headed politicians, apart from their use of the slogan for

tioneering effort is made in September. It is then that the state officers are elected, and it is then that the political fireworks—parades, rallies, speeches, placarding, house-to-house canvasses, etc. are touched off. Practically no campaigning is done by either party for the November presidential election.

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electioneering purposes, have been known to set their courses in the light of the September returns; newspaper editors have sworn by the saying, and thousands of voters and lesser party workers have believed in its authenticity. Are these people placing their faith in superstition or in fact? How sound is the logic of the concept? How accurate are the political predictions from Maine?

The customary approach for a critical examination of the Maine barometer has been to test the premises upon which the predictive formula is based. Are the Maine voters typical of those in the nation at large, and are the factors that enter into the state election in September comparable to those at work in the presidential election in November? Here a great deal of data might be introduced to show the character of the state and national population and the purport of the issues fought out in the local and national elections. But this approach will be avoided in the present discussion, because no analytical headway can be made from this angle of attack. After similarities and dissimilarities of population and political issues were noted between Maine and the nation, it would still be necessary to consider actual predictive performance, for that is the only item that really counts. If the barometer is reliable, the outcome of national elections can be experimentally forecast from the Maine returns; if the device is unreliable, test prognostications will show themselves wide of the mark. Let us therefore examine the Maine slogan in the concrete terms of election figures.

The first question must be: What specifically is the barometer formula? In meteorological work, technicians read their instruments according to set rules, and these readings they fit into prescribed formulas to arrive at weather predictions. Before we can proceed with our analysis, we must find analogous rules for reading the Maine barometer, and definite formulas to follow in making our test predictions of the countrywide political weather. The search through the Maine literature for such procedure reveals a surprising amount of vagueness, generality, and difference of opinion, but at least three interpreta-

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tions can be distinguished which are definite enough to give direction to our check-up experiments.

Probably the most widely held and the least critical interpretation of the Maine barometer is the literal one: "As Goes Maine, So Goes the Union". If the Pine Tree State elects a Republican governor, the nation will elect a Republican president. It was this interpretation that Alfred E. Smith was endeavoring to refute when, upon receiving the news of a Republican victory in Maine in 1928, he said: "There used to be an old saying that 'As Goes Maine, So Goes the Nation'—except when a Democratic President is elected. I never was optimistic enough to think Maine would be anything other than Republican." [18]

The literal formula has a very plausible ring that makes a rational appeal to even the most hard-headed men. The author asked an editor in Maine if he believed it to be true that the nation goes politically in November as his state goes in September, and the editor's answer was: "Isn't it a fact that the election of a Republican governor in Maine is most often followed by the election of a Republican president?" And, indeed, this is true. The skeptic who is familiar with the succession of governors in Augusta and of presidents in Washington can name exceptions—1916, 1912, 1892, etc.—but the editor is right, for the literal rule succeeds in prediction more often than it fails. If we go back to 1840, when Maine first came into the limelight as a political barometer, we find that in sixteen of the twenty-three elections from that date to the present, the party that seated the governor of Maine also elected the president of the United States. Sixteen successes out of twenty-three trials is not a bad record; at least anyone with gaming proclivities who depended upon the literal formula for inside information, would not think it so. But this high percentage of successes does not prove that the Maine September election is a good instrument of prediction; rather it is but a reflection of the fact that both Maine and the United States have been predominantly Republican since 1856.

[18] *New York Times*, Sept. 12, 1928.

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Eighteen of the nineteen Maine governors elected in presidential years and fourteen of the nineteen presidents elevated to the White House during this period have belonged to the Republican party. None of the five Democratic presidential victories, from the election of James Buchanan to the second election of Woodrow Wilson, has been preceded by the seating of a Democratic governor in the September election. Since 1856, therefore, the prophecy from Maine, under the literal interpretation, has been reliable only when a Republican has been elected president. Before 1856, when the Democrats were in power in Maine, the right signal was given in 1840, 1844 and 1852, but in 1848 a Democrat was chosen to head the state government, whereas the Whig, Zachary Taylor, won the presidency.

If for the predictive maxim, "As Goes Maine, So Goes the Union", we should substitute the comparatively simple slogan "Whig and Republican Presidents Forever", we should achieve the same number of predictive successes, for in sixteen out of twenty-three elections since 1840, a Whig or Republican has won the first office of the land. The latter rule, in fact, is a shade the better, because it is simpler and is less troublesome to apply. The political prognosticator who follows its tenets is not compelled to wait breathlessly for the September returns before giving out his forecasts, but can sit back in his easy chair and predict a Republican president for 1932 with the assurance of past experience that his prophecy has just as much chance of being correct as any based on the Maine election under the literal formula. This being true, it must be apparent that this interpretation of the Maine returns offers no practical predictive aid that the use of a simpler technique would not give.

The next interpretation of the barometer is a more complex one, advanced by the majority of political experts and journalists who speak or write on the subject. These men take the position that, because Maine is customarily Republican, the significance of the early election does not turn on party victory, but upon the size of Republican plurality. According to this version the following sequences are operative:

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Maine September Election		*National November Election*
Normal Republican victory	*indicates*	Normal Republican victory
Republican landslide	*indicates*	Republican landslide
Sub-normal Republican or Democratic lead	*indicates*	Democratic victory

Under this formula, Republican pluralities are generally computed in terms of the vote for governor. The figure that constitutes a "normal" G.O.P. victory is customarily determined by the experience of the preceding few elections. After the Civil War many Republican gubernatorial candidates won office by margins of 15,000 to 20,000 votes, and this range was widely accepted by commentators as the "normal" plurality for this party. Any return falling within these limits, it was believed, gave reasonable assurance of Republican ascendancy in the nation in November; a lead of more than 20,000 foreshadowed a landslide for the party and one of less than 15,000 signified probable defeat. With the coming of woman suffrage, many observers raised this norm to 40,000; but it is difficult to find unanimity of opinion on this question since the plurality figures for 1920, 1924 and 1928 vary widely and since electioneering motives often obscure unbiased judgments. The propagandists with majority party sympathies are prone to define the norm in low numbers in order to make the actual pluralities appear more impressive by contrast, while those of the minority party set the norm high so that the significance of the impending majority victory may be discounted.

Let us test this second formula in the light of actual election figures. In Table I, for the period from 1856, when the Republican party was formed, to 1928, are given the popular pluralities per 100 votes cast for the Maine governor and the President of the United States. No plurality figures, it will be observed, are shown for the elections of 1856, 1860, 1880, 1912 and 1924. This is because the gubernatorial race in Maine and the presidential contest in the nation were not fought out along the same major party lines. Any use of the Maine election for predictive purposes assumes that the party categories for both the state and the nation are the same. When this is not true, a comparison of the two campaigns is wholly meaningless.

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TABLE I

PLURALITY PER 100 VOTES CAST FOR GOVERNOR IN MAINE AND FOR PRESIDENT IN THE UNITED STATES

Year	*Governor*		*President*
1856	Rep.–Dem.–Whig	non-comparable	Rep.–Dem.–American
1860	Rep.–Dem.	non-comparable	Rep.–Two Dems.–Const.
1864	R. 17		R. 10 [Un.
1868	R. 15		R. 5
1872	R. 13		R. 12
1876	R. 11		D. 3
1880	Rep.–Fusion Dem. and Gbk.	non-comparable	Rep.–Dem.–Gbk.
1884	R. 14		D. 1
1888	R. 12		D. 1
1892	R. 10		D. 3
1896	R. 39		R. 4
1900	R. 28		R. 6
1904	R. 20		R. 19
1908	R. 5		R. 9
1912	Rep.–Dem.	non-comparable	Rep.–Dem.–Prog.
1916	R. 9		D. 3
1920	R. 32		R. 26
1924	Rep.–Dem.	non-comparable	Rep.–Dem.–Prog.
1928	R. 39		R. 17

The plurality per 100 votes cast is given for each election rather than the actual number of votes separating the two leading candidates, in order to make the figures of the several elections comparable with each other. In political circles it is customary to compare pluralities from one election to another without reducing these margins to percentages. If the total vote cast in each election is the same, such comparisons are valid, but if the turnout varies, the practice may obviously lead to faulty reasoning. A plurality of 480 votes in a turnout of 8,000 ($\frac{480}{8,000}$=6%), for example, is a better showing than a plurality of 1,000 in a turnout of 25,000 ($\frac{1,000}{25,000}$=4%), though the former appears to be the smaller when judged in terms of actual votes. By expressing pluralities as percentages of the total vote cast, this difficulty is avoided, the plurality for any election so expressed being comparable with that of any other election stated in similar terms.

To aid in visualizing the relationship between the popular pluralities of the Maine governor, on the one hand, and those of the President of the United States, on the other, the plurality

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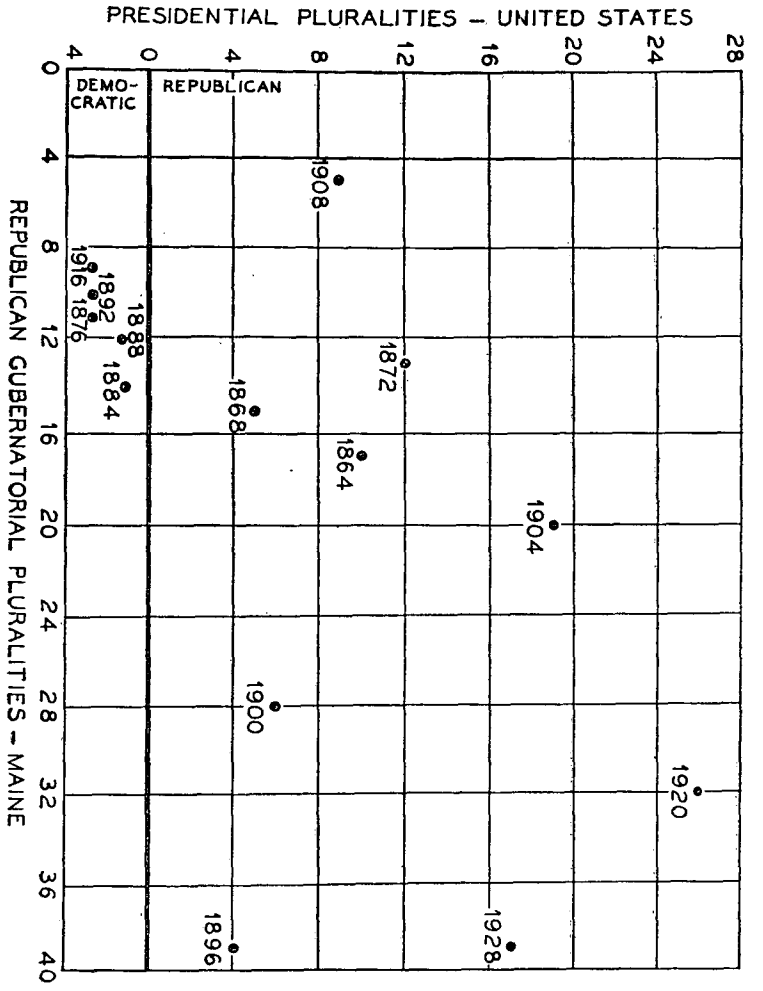

SCATTER DIAGRAM SHOWING RELATION BETWEEN GUBERNATORIAL PLURALITIES IN MAINE AND PRESIDENTIAL PLURALITIES IN NATION.
(HORIZONTAL AND VERTICAL SCALES SHOW PLURALITIES PER 100 VOTES CAST)

indices given above are plotted by pairs in the accompanying diagram. On the horizontal scale are laid out the Maine gubernatorial figures and on the vertical scale, the presidential indices for the nation. In September 1864, for example, the Republican party elected the governor of Maine with a margin

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of 17 votes for every 100 cast. In November this party's candidate, Abraham Lincoln, won the presidency by a popular plurality of 10 votes per 100 cast. To plot these figures we count 17 on the Republican half of the Maine scale and 10 on the Republican half of the national scale and mark the point as in the diagram. Other election pairs are plotted in similar manner.

Now if the broad currents of political sentiment in the nation are truly reflected by the Maine September returns, the plotted points on the chart should show an orderly pattern. As the Maine gubernatorial pluralities grow smaller, or approach zero on the diagram, the national pluralities should likewise be drawn toward this point. As the Maine pluralities grow larger, the national pluralities should show the same tendency. The reader will observe that the diagram demonstrates no such prognosticative sensitivity, the plotted points being scattered over the chart with little rhyme or reason. In 1872, for example, a Republican gubernatorial margin of 13% (13 votes per 100 cast) in Maine foreshadowed a 12% presidential plurality for this party in the nation, but in 1888, with virtually the same barometer reading, 12%, the Democrats won the presidency by a popular plurality of 1%. Again, in the elections of 1868, 1896 and 1900, the Republican presidential plurality in the nation was practically the same, 5, 4 and 6%, but the readings from Maine varied widely, 15% in 1868, 39% in 1896, and 28% in 1900. In other words the record shows that the barometer is not consistent, oftentimes promising rain when there was snow and sun when there were clouds. The reader can multiply these illustrations from the data given on the chart. Because of this demonstrated lack of correlation between the size of Maine gubernatorial margins and presidential pluralities in the nation, we are forced to the conclusion that the September returns under this second interpretation are of no value for practical forecasting purposes.[19]

[19] Measured mathematically by means of Pearsonian correlation the sensitivity of the relationship between Maine gubernatorial and national presidential pluralities is $r = .53$. The non-statistical reader can follow the argument by knowing that if $r = 1$ (unity) the Maine barometer would perfectly predict the presidential pluralities in the nation. Any value of r less than unity

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A third formula for interpreting the Maine prophecy appears frequently in newspaper discussions and finds such an able exponent as Mark Sullivan, the noted Washington political correspondent and author of the widely read contemporary history, *Our Times*. This formula, briefly stated, is that party strength in all the other states, as expressed in terms of the popular vote for presidential electors, fluctuates in the same direction and to the same degree as that of the party nominee for governor in Maine. To illustrate, the G.O.P gubernatorial candidate polled approximately 70% of the total vote cast in Maine in 1928. Suppose he polls but 60% in 1932. This would mean that the 1932 Republican strength in Maine is six-sevenths of what it was in 1928. According to Mr. Sullivan, it would then be predicted that the Republican proportion of the total popular vote for presidential electors in each of the other forty-seven states would be six-sevenths of what it was in 1928.[20]

The author has taken the pains to test this interpretation with actual election figures and has found that the resultant predictions are as erroneous as those based on other formulas. The reader will not be burdened with the details of the somewhat involved calculations necessary to prove the point.

gives progressively less accuracy in prediction. It is true, of course, that the electoral, not the popular vote determines the winner of the presidential election, but if there were any predictive validity in the Maine returns we should expect to find it in the popular vote, since the electoral vote often fluctuates erratically as a result of small shifts in the popular vote. The relation between Maine gubernatorial and electoral college pluralities is $r = .41$.

A similar test applied to the vote for congressmen in Maine and the nation yields a correlation coefficient of $r = .58$. Between the proportion of the total vote polled by Republican candidates for Congress in Maine and the proportion of the total seats in the House won by the Republicans the relation is $r = .48$. Correlation of Maine election returns with those of individual states shows varying degrees of sensitivity, but none of these relationships is close enough to give practical predictive aid.

[20] If the drift were reversed, i. e., if the Republican candidate for governor polled 60% in 1928 and 70% in 1932, the shift, in order to avoid absurd results, would be expressed as a fraction of the greatest possible movement toward 100%. In this case the rise would be $\frac{70 - 60}{100 - 60}$ or $\frac{1}{4}$ of the greatest possible gain. This figure could then be appropriately applied to other states.

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Suffice it to say that the major premise upon which the formula is based is, in good part, inconsistent with the facts. According to the rule, party strength in "all" states fluctuates in the same direction as in Maine. Actual tests show that, barring the influence of third-party irregularities, this proposition holds true in but 64% of the cases. With the political trend in one-third of the states moving in the opposite direction from that in Maine, it is apparent that the predictive formula set forth by Mr. Sullivan cannot be productive of reliable forecasts.

A second interpretation advanced by Mr. Sullivan is that the September canvass forecasts the number of people who will attend the November polls. "This", he says, "is probably the most reasonable of all the inferences to be made from the Maine vote."[21] In 1920, to use Mr. Sullivan's illustration, 205,615 ballots were cast in the September election in Maine. Four years later the local turnout was 251,836. This was a gain of 23%, or, in other words, the 1924 attendance at the September polls was 123% of what it was in 1920. From this it could be predicted that the number of people who would go to the polls in November in each state would be 123% of the total who voted in that state in 1920.

In his illustration Mr. Sullivan makes no allowance for varying rates of population growth between Maine and other states. For the past five decades, at least, the increase of the electorate has been much more rapid in the nation than in Maine, hence, under the system of computation used in the illustration, the barometer might perfectly foreshadow countrywide interest in voting, yet erroneously predict actual turnout. Since the Maine election is supposed to reflect political conditions alone, not population changes, the latter factor must be eliminated from the predictive formula. This can be done by expressing turnout as a percentage of the population twenty-one years and over $\left(\frac{\text{Total Attending Polls}}{\text{Total Adult Population}}\right)$ instead of the actual number of votes cast. Satisfactory approximations of the adult population on the date of any given election can be made by adjusting the latest census figures in the light of

[21] *New York Tribune*, Sept. 11, 1924.

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annual population growth.[22] Turnout forecasts can then be computed according to the principle set forth in the discussion of the first interpretation of the Maine barometer by Mr. Sullivan as given on page 181.

With this necessary modification, let us put Mr. Sullivan's turnout formula to the pragmatic test. The period between 1884 to the present is selected for the experiment because the needed census figures on the population twenty-one years and over are available only for these years. Using the forecasting rule set forth above, the proportion of the people of voting age who would attend the November polls in the nation was predicted from the September turnout in Maine for the twelve presidential elections held during this period. The average error of these predictions, as shown in Column 6 of Table II, was 4 persons for every 100 in the adult population. In order to set up a standard for comparison a ridiculously simple forecasting maxim was then concocted, namely, that the same proportion of the adult population in the nation will vote in the current presidential election as voted in the election of four years previous. Under this rule the average turnout error was 4 persons per 100 in the adult population (See Column 7 of Table II), which is exactly the same margin of inaccuracy as that sustained by the Maine formula. This final interpretation of the barometer, therefore, must be rejected, since it offers no predictive aid that cannot be had by the use of simpler techniques.

This discussion of the Maine barometer as an instrument of political prediction may now be summarized in three propositions. These are:

1. The September election in Maine initially gained barometric authority as a result of a fortuitous combination of historical circumstances and not through scientific observation that the nation voted as did Maine.

[22] For the period antedating the latest census this can be done by arithmetically interpolating figures between census dates. For the post-census period, figures may be arithmetically extrapolated on the basis of the rate of growth for the preceding ten years.

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TABLE II

TURNOUT PREDICTIONS FOR NATION ON BASIS OF MAINE BAROMETER AND OF SIMPLE RULE

(1) Year	(2) Percentage of adults 21 years and over who:[a] Actually voted in Maine in September	(3) Actually voted in nation in November	(4) Would vote in nation in Nov. on basis Maine Barometer	(5) Would vote in nation in Nov. on basis of Simple Rule	(6) Error in predicting national turnout: Maine Barometer Difference Cols. 3 and 4	(7) Simple Rule Difference Cols. 3 and 5
1880 . .	79	72				
1884 . .	74	70	68	72	2	2
1888 . .	73	71	69	70	2	1
1892 . .	64	68	62	71	6	3
1896 . .	59	72	63	68	9	4
1900 . .	54	67	66	72	1	5
1904 . .	58	58	69	67	11	9
1908 . .	61	58	61	58	3	0
1912 . .	60	54	56	58	2	4
1916 . .	63	63	58	54	5	9
1920 . .	43	44	43	63	1	19[b]
1924 . .	53	45	53	44	8	1
1928 . .	44	54	37	45	17	9
			Median Average Error		4	4

[a] Male to 1916 incl.; Male and Female from 1920 on.

[b] Advent of woman suffrage. Large error due to small percentage of female adults who attended polls.

2. For tactical advantage political leaders have consistently publicized and affirmed (often with real conviction) the "As Goes Maine, So Goes the Union" slogan, and this propagandistic usage has done much to conserve the popularity of the maxim.

3. The Maine early election is not a sensitive indicator of political trends in the nation and offers no practical forecasting help that cannot be had by the use of simpler techniques.

In the light of these findings, the September returns from Maine cannot be seriously regarded as an omen of the national election outcome.

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TWO UNPUBLISHED PAPERS OF THORSTEIN VEBLEN ON THE NATURE OF PEACE

IN the fall of 1917 President Wilson requested Colonel House to institute an Inquiry for the purpose of preparing a memorandum to guide the President in his peace manœuvres. An elaborate organization was set up, and according to Charles Seymour's account, "specialists with practical experience were invited to join the staff". Although Thorstein Veblen, the well-known economist, had just published *An Inquiry Into the Nature of Peace and the Terms of Its Perpetuation,* he was not invited to become a member of the staff. However, he did submit to the Inquiry two highly interesting memoranda which were called "Suggestions Touching the Working Program of an Inquiry into the Terms of Peace" and "An Outline of a Policy for the Control of the 'Economic Penetration' of Backward Countries and of Foreign Investments".

The latter is still to be found in the papers of the Inquiry, which were placed in the archives of the State Department. A copy of the former, which cannot be found in the archives, was supplied through the courtesy of a friend of Veblen. Both of these papers are written in a simple, schematic, straightforward style, in striking contrast to Veblen's published works, particularly the celebrated *Theory of the Leisure Class.*

In both of them, Veblen in substance asserts that "the quest for an enduring peace . . . is a human duty", that enduring peace can only be maintained by a league of pacific peoples, and that a league of pacific peoples can only be achieved by the disallowance of "vested interests" within each nation, for it is the "vested interests", not the "underlying population", who gain by disturbances of the peace. In the following pages the two papers are printed in full.

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I

SUGGESTIONS TOUCHING THE WORKING PROGRAM OF AN INQUIRY INTO THE PROSPECTIVE TERMS OF PEACE

I. The contemplated settlement will take one or another of two contrasted lines of approach: a peace of diplomatic compromise, to include primarily the eight greater Powers, on a footing of parity; or, a league (federation) of the pacific Peoples on a footing of national disclaimer, to include primarily the democratic peoples of the Entente. The part logically to be taken by the United States in such a coalition of peoples will be very materially different according as the one or the other of these two lines of settlement is held in prospect. In the former case—a peace compact of diplomatic compromise—America's part logically becomes that of an interested outsider, since the settlement in that case will be primarily an arrangement between the European Powers; whereas in the latter case—a League of the pacific Peoples—America will necessarily come in as an integral factor, perhaps the central and decisive factor in the settlement.

Evidently the range of inquiry with a view to feasible terms of peace will differ notably according to the part which will prospectively be taken by America. In the former case—a diplomatic settlement—America has little interest in what may be called the internal policies of Europe, whether international or intranational; and the range and purpose of this Inquiry would therefore, in that case, be chiefly confined to questions of domestic policy and of maritime trade. In the latter case—a neutral League of Peoples—the range of this Inquiry would necessarily extend to all countries and peoples concerned, but its scope would at the same time be narrowed by neglect of many things which the constitution of such a neutral league would take notice of only to disallow them, e.g. trade discriminations and the commercial engrossing of natural resources. In the former case, America's chief interest should logically be the realignment of its own internal forces, with a view to keeping the peace at home, and to provide against the assured event of its being presently broken abroad. The stipulations of a "diplomatic peace" are of relatively slight interest to America, since they would in any case be observed only so far as the Powers might find it convenient to observe them in the course of preparation for the eventually ensuing war, whereas the measures to be taken in domestic policy in this case, with a view to a solidarity of sentiment

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and resources under all contingencies, will be of paramount consequence and should claim the chief attention of the Inquiry.

II. To reach a tenable settlement on anything like a democratic footing the support of popular sentiment must be had for all substantial points that are to be agreed on or argued for. Therefore, it is urgently necessary to keep in touch with current opinion and sentiment, to inform all men of what is under advisement as being desirable to be done or possible to be accomplished, and to guide public attention so far as may be in respect of the purposes that are aimed at, and the ways and means and adjustments necessary to their accomplishment. Therefore it becomes incumbent on the Inquiry not only to turn unreservedly to that method of "open diplomacy" that has latterly been made much of, but also deliberately to enter on a campaign of publicity designed to cover all moot questions.

By way of parenthesis it may be suggested that this work of publicity might advantageously take the following forms:—Men associated in the Inquiry should put into the form of written bulletins a detailed presentation of particular questions that are to be taken under advisement, to be published and circulated as bulletins of the Inquiry or of the State Department, but with a specific avowal that the views set out in these bulletins have been submitted to and are taken under advisement by the Inquiry, and inviting free discussion and suggestions. Preferably, these bulletins should carry the signatures of their writers, rather than the informal endorsement of the Inquiry, so that their publication should not commit the Inquiry in any official way to the views embodied in the bulletins.

It is hoped that the outcome of such publicity would be of appreciable use in the way of ascertainment, standardization and guidance of popular sentiment touching the ways and means of keeping the peace, as well as the adaptations of policy and administration necessary to be accepted to that end.

III. Any degree of reflection will show that deliberation or debate on these matters must result directly in a two-sided division of opinion and endeavor, in such a way that spokesmen of the vested interests and of the unqualified maintenance of the established order, on the one hand, will be found opposed to the spokesmen of a resolute maintenance of the peace at the cost of any necessary revision or adjustment within this established order, on the other hand; and it should be equally evident that the Inquiry will find itself taking

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sides and will presently be committed to a position, either favoring the vested interests at some risk to the maintenance of peace at home and abroad, or favoring a workable realignment of the country's available resources designed to keep the peace even at the cost of some appreciable derangements to these vested interests.

What is involved in the logic of the situation is apparently a question of bias, a matter of inclination for or against the vested rights on the one hand, and the domestic and international tranquility on the other hand; and it would appear that the Inquiry, following the apparent inclination of the Administration, should presently, by force of the logical situation, find itself searching for feasible ways and means of assuring the domestic tranquility even at the cost of any contingent derangement of the established scheme of vested rights, whether private or national.

IV. Assuming that the settlement will result in a League of the pacific Peoples, drawn on a plan of neutralization and a pooling of issues, rather than a negotiated compact of diplomatic compromises between rival Powers, then it logically follows that the French and English-speaking Peoples will make up the substantial core of the League, and also that initiative and discretion will continue to vest in these Peoples primarily. But it follows likewise that in such a case, the United States will be thrown into the centre, and the initiative and discretion in the formation, structure and carrying on of the League will in effect come to vest primarily in the American Administration; which so will be put on its honor, and will at the same time be enabled to give effect to its unselfish profession.

At the same time, the sooner the American Administration takes initial measures toward this end the better the chance of its effectually realising its professed ideals, and the better the chance of maturing these ideal aims and progressively embodying them in definitively tenable concrete working arrangements. It is also apparent that a League designed eventually to keep the peace had best be such a League as would now expediently be contrived for achieving an advantageous settlement, from which it follows: (a) that an enduring coalition of these chief Entente belligerents (the French and English-speaking Peoples) for the conduct of the war should be arrived at as expeditiously as may be done, and should be an organization drawn with a view to its continuation as the core of the eventual Pacific League; and, (b) that this Inquiry, as being an organ of the Administration, should therefore turn its present and

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continued attention to discovering and presenting the lowest terms and the most neutral claims on which such a working coalition can be made sufficiently compact for this purpose and can be held together as a going concern.

II

Outline of a Policy for the Control of the "Economic Penetration" of Backward Countries and of Foreign Investments

It is assumed as a major premise that the constant and controlling purpose in any arrangements entered into in the prospective settlement will be the keeping of the peace at large; that the need of peace is paramount; that any special interest which may come up for consideration must wait on this paramount exigence of such measures as seem necessary to the state of peace and security at large.

Evidently this paramount consideration will impose a limit and enforce a bias of its own at every point where any measure looking to another purpose is proposed, and wherever the continued expediency of any given item of law or custom is brought under advisement. If the claims of peace and security are to be allowed without reservation, the immediate consequence should be the disallowance and disclaimer of all such special interests and ambitions as may give rise to estrangement or dissension among the peoples associated together for the keeping of the peace.

But the case is not so simple. By tradition and ingrained conceit, all modern nations harbor certain interests and pretensions to which they attach a high value, whether this value is real or fancied. War is commonly entered on in defense or furtherance of some such national interest, real or fancied, tangible or intangible. The current war is an instance in point. And it is even yet a safe generalisation that no modern nation would be ready now, out of hand, to disclaim or disavow all such interests and pretensions tangible and intangible, commercial and patriotic, even after the national integrity had been duly safe-guarded. Therefore it is to be presumed that the compact, league or coalition of peoples for the keeping of the peace, which is expected to be set afoot in the terms of settlement, will take the line of a mutual concessive disclaimer and disallowance of such usages, claims and pretensions as appear to be patently incompatible with the uninterrupted continuance of peace and security.

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The "Pacific League" which is to come out of the prospective settlement may accordingly be anything, from a temporary treaty engagement between the pacific nations, to a close-knit and irrevocable coalition of peoples who have thrown in their fortunes together and have subordinated their national ambitions to the common good. And the contemplated "economic penetration," as well as the measures to be taken for its control, will take on a different character according to the complexion which the Pacific League will take on, and according to the degree of control which it will be in a position to exercise. Therefore it appears necessary, by way of a definition of premises, to indicate at the outset with what scope and manner of jurisdiction the League is here conceived to be invested, in so far as bears on the question in hand. Adequately to control such "economic penetration," the Pacific League will have to be vested with a relatively very large discretion; which in turn implies an extensive surrender of powers on the part of the associated peoples of the League.

Provisional outline of a projected League of the Pacific Peoples; so far as touches its control of the "Economic Penetration" of backward countries.

The abiding purpose of the projected League is to be the keeping of the peace at large; not the furtherance of commercial enterprise, nor the pursuit of national ambitions. Therefore the latter are necessarily and unreservedly to be subordinated to the former. Dissension among nations commonly arises out of conflicting commercial aims and national pretensions; therefore it will be incumbent on the associated pacific peoples, so far as may be, to divest themselves of all commercial discrimination and national ambition. Therefore the projected League can comprise only such of the modern peoples as are content to put away so much of their self-direction and national rivalry as would be incompatible with the maintenance of peace under the League's collective surveillance. And unless a sufficiently large and consequential proportion of civilised mankind can be brought into a sufficiently close coalition, on such terms, the League will prove nugatory. Therefore it is here assumed that the avowedly pacific peoples will be found in such a tolerant frame of mind as will answer the purposes for which the Pacific League is to be formed. Otherwise the argument fails.

In the phrase of President Wilson, the end to be sought in the prospective settlement is to make the world safe for democracy.

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And within the meaning of the term as employed by the American Administration in its occasional pronouncements, Democracy may be described as that frame of mind by virtue of which a people chooses to be collectively fortunate rather than nationally formidable. The modern peoples partake of this animus in varying degrees; and the question of any given people's inclusion as a constituent factor in the projected League therefore becomes substantially a question of the degree in which they are imbued with this requisite frame of mind.

In the past, indeed in the recent past—in that recently past time when statesmen still placed their dependence on the Balance of Power—in this past out of which it is hopefully believed that the modern peoples are now emerging, it was an accepted principle underlying all effectual statecraft that no people could hope to be collectively fortunate except at the cost of being nationally formidable. But it is now proposed deliberately to shift the ground of policy from that ancient principle of worldly wisdom to a new principle of what may be called standardised forbearance, whereby it shall cease to be expedient for any nation to be formidable. Under this prospective regime any formidable nation would become a menace to itself and its neighbors alike, inasmuch as it would be a menace to that peace at large within which alone its people can hope to be collectively fortunate. Therefore, incidentally, it becomes the duty of the Pacific League to eliminate all formidable nations.

In varying degrees the modern nations meet these requirements; or it could perhaps rather be said that they are in varying degrees approaching such a frame of mind under the discipline of their war experience; and it may be added that they are due to make a closer approach to this required frame of mind in the further course of the like experience. The chief belligerents on the side of the Entente are already coming to the persuasion that no national aggrandisement and no profits of commercial enterprise are worth the hazard of a return to the *status quo ante*.

It is these chief belligerents, or rather it is such of these chief belligerents as are now in a way to achieve this required spirit of forbearance, that will by force of circumstance be elected to take the initiative, shape its policy, and continue to constitute the core of the Pacific League. There is, at any rate, no prospect that beginning can be made without them. And there is at the same time also no reason to put off this beginning until the close of hostilities. Indeed, the main lines of organisation and administration should best

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be designed, materialised, and tried out in actual work while the pressure of an urgent present common emergency can still be counted on to keep mutual jealousies and cupidity in abeyance; so that the League would then both serve as a means of conducting the war to a successful issue, and also be ready to enter on the settlement and further conduct of affairs as a going concern.

These chief belligerents that so may hopefully be looked to as the prime movers and the chief support of the projected coalition would be the French and the English-speaking peoples, together with the Chinese and a more or less considerable group of like-minded accessories in Latin America and western Europe. Necessarily included in the League's jurisdiction would also be two further categories; the backward peoples of what are now the colonial possessions of these belligerents and of what have been the colonial possessions of their opponents in the war; and the undemocratic peoples at present comprised in the warlike coalition of the Centrals.

In outline, the forms of organisation, the fashion in which the several constituent peoples are to be articulated into a going concern, and the distribution of responsibilities and obligations among them,—in all this it should seem the part of wisdom to draw on the experience of the United States and the British, who have been the chief successful pioneers in the extension of democratic institutions hitherto. Neither has reason to boast of work well done in this respect; the short-comings of both are sufficiently grave and notorious; but the best after all, is always better than something else, and between them these two are after all the most signal experiment in democratic pioneering, or rather the nearest approach to a democratic conduct of affairs on a modern scale and over a widely diversified range of peoples and countries. And it should be added that the defects and mistakes which have come to light in the course of these democratic experiments should prove no less instructive for the purposes now in hand.

For the immediate purpose—for an inquiry into the line of policy by which "economic penetration" and investment in foreign parts is best to be controlled—the features which the British and American experiments in democracy have in common are more to the point than their differences; although it may well be that the differences would be no less instructive in another connection. The two are more alike in the working parts of their structure than appears on the surface; the difference being, in good part, that the articulation of the working parts is more sharply defined and more visible in the American

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case. Loosely, and with a margin of disparities, the working organisation through which coordination is effected falls into a three-fold gradation of units in either case, but more obvious in the American case; chiefly a gradation in the scope of such self-direction as they are endowed with. There is in either case a substantial core of constituent communities, in which is finally vested the over-ruling initiative, discretion and responsibility—the seat of sovereignty, as it would be called in political theory; in the American case this central body is the States of the Union. Then there are the Territories; held under surveillance and concessively vested with a degree of self-government; beyond which come the backward communities of the outlying possessions; who are wards of the Union, held in tutelage and administered under discretionary control. The parallel facts will be visible in the British case to any attentive observer, but they need scarcely be traced out here.

To follow the analogy, in the projected League the substantial core would be constituted, at the outset, by the chief democratic belligerents already spoken of; admission being free to any others possessed of the necessary qualifications. What these requisite qualifications are to be, need not detain the argument here, since it does not greatly concern the topic of the memorandum. The second class or group of peoples under the League's jurisdiction,—those who would answer to the Territories in the American scheme—would be made up, in the main, of nationalities which are now under German, Austrian, Bulgarian or Turkish rule; to be held under surveillance, on probation, with so much of self-direction in their administrative affairs as the circumstances would admit, and with a view to their presently coming into standing as qualified members of the democratic federation of peoples. The third and outlying group, the wards of the League, would comprise those characteristically backward peoples that inhabit Colonial Possessions. By grace of fortune, the greater proportion of these pronouncedly backward peoples have now come under the hands of those nations who will presumably exercise the discretion in laying down the lines of the Pacific League's economic policy.

Drawn on these lines, then, the scheme contemplates a very appreciable number and variety of outstanding independent nations; standing outside of the League's jurisdiction by their own choice or because they do not fill the necessary qualifications for admission as democratic commonwealths; and ranging, in point of cultural status, all the way from barbarian Abyssinia to the pseudo-constitutional monarchy of civilised Spain.

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Within the confines of the League, it is evident, a sane policy looking to the perpetuation of the peace at large, should consistently incline to discard, or at least to disregard, distinctions of nationality, so far as the sentimental preconceptions of its constituent peoples will allow. The most fortunate outcome at this point would be the total obsolescence or obliteration of national demarkations; but the best that can be anticipated, in view of the present state of sentiment, would be a very dubious modicum of approach toward that end.

Abolition of national frontiers would go far to dispose of many questions of economic policy, particularly questions of penetration and trade. Any degree of coalition or federation among these pacific peoples will submerge national distinctions in some degree; and measures are doubtless due to be taken looking to the submergence of national divisions and national integrity wherever their maintenance visibly jeopardises the peace at large. Some appreciable disallowance of national discretion in commercial matters is reasonably to be expected; and an untempered insistence on the removal of whatever is likely to engender jealousy, distrust and dissension would logically result in the discontinuance of all national establishments, as such. Their place and functions as political or civil units would then be supplied by a neutral scheme of administrative divisions, drawn without regard to present political frontiers and with an eye single to administrative convenience, as determined by the natural—topographical, climatic, or linguistic—parcelment of the countries to be taken care of.

The nationalities so drawn into the scheme of redistricting need not be disturbed in any other respect than that of their civil and political powers. They would cease to have any civil status, but their integrity or solidarity in the cultural and sentimental respect would be left undisturbed and, indeed, legally unnoticed; very much as is now formally the case with various minor nationalities in some parts of the Balkans and the Russian dominions; or, again, the Armenian nation; or the Jews in the English-speaking countries.

Failing that — and there need be no doubt of its failure — any degree of approach to such a measure of neutralisation would be a measure of relief from perplexity in all that concerns international trade relations.

Now, in view of the many-sided uncertainty of the prospective situation, which is still taking shape in ways that had not been foreseen, it is here proposed to argue the questions of "economic penetration" and foreign investments on the broad assumption that the

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prospective league will be free and competent to deal with all these matters on a footing of neutrality and plenary discretion. From the positions so arrived at it should be practicable to pursue the argument further, as shifting circumstances may dictate, by way of adaptation, reservations and curtailment of these provisional positions at points where the plan of settlement eventually to be adopted may fall short of full discretionary power.

So also in case the settlement should unexpectedly take the form of a negotiated peace, with treaty agreements covering international trade and investment, the formulations arrived at on the assumption here made could still stand over as a formulation of desiderata to be aimed at by those negotiators with whom the keeping of the peace at large remains the paramount end of endeavor. It will serve as a point of departure for any expedient concession that may have to be made under pressure of stubborn nationalist preconceptions.

As touches the case, then, of such outlying backward peoples as will by force of circumstance come into the status of wards, and so will come under the guardianship of the Pacific League—or in the measure in which any given people comes into this relation—the league will of necessity arrogate to itself a plenary jurisdiction; somewhat after the fashion of that authority over the North American Indians which the United States government has arrogated to itself. In these cases, and they are large, many and diverse, there is nothing for it but that the League must take over the administration of affairs quite unreservedly; and by the same token it becomes incumbent on the League, in its character as guardian, deliberately and consistently to conserve the natural resources of these countries —mineral, forest, grazing and agricultural—with a view to the least practicable infraction or exhaustion of the resources that so are taken over in trust.

What will be the practicable minimum of infraction and usufruct in any given case can of course not be described in a general proposition. The circumstances vary widely. But some degree of administrative surveillance and direction will be unavoidable in nearly every case. Some measure of police surveillance becomes incumbent on the League by virtue of its responsibility as guardian; and in some measure these outlying resources will have to be turned to present account as a source of raw materials indispensable in modern industry—as, e.g., certain cabinet woods, fibers, rubber, and various materials used as drugs, pigments, oils and varnishes, not otherwise obtainable—and the like holds true for certain fruits and foodstuffs.

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On this head there is something due to be said by way of explaining and correcting certain uncritical preconceptions commonly met with; and the same considerations will also apply to "economic penetration" of undeveloped countries more at large, apart from the special case of those outlying virgin resources of the savage world. Popular discussion, in the press and elsewhere, commonly assumes as a matter of course that the speediest and most comprehensive "development" of all hitherto idle resources is altogether desirable and expedient, both for the present inhabitants of these outlying countries and for the nations at the hands of whose citizens the contemplated development is to be effected. On the other hand it is an easy generalisation out of the past history of colonisation that the rate of industrial penetration and conversion to use of any new country may readily be too swift for the continued well-being of the native population; and in taking over the direction of affairs the League will perforce become the guardian of these outlying peoples, and therefore the responsible keeper of their fortunes. At the same time, a Pacific League, whose paramount aim it is in peace and security to hold fast that which is good in democracy, can not carry on an exploitation of its helpless wards and dependent neighbors, as a side line in its policy of peace and good will. Considered simply as a matter of moral profit and loss, dishonesty is not the best policy.

On these grounds of equity and of self-preservation from moral dry-rot, it should fairly be a matter of course that the line to be followed in any effectual industrial penetration of these outlying countries should be a policy of retardation and continence, rather than the reverse. A well-advised and tenacious policy of moderation would appear to be the only salutary course, all the more since —contrary to the prevalent misconceptions—these outlying natural resources are not needed for present use of the civilised nations, apart from a certain special range of raw materials not conveniently to be had elsewhere.

As a general proposition, the natural resources already in hand among the modern nations are fully adequate to their current and their calculable future needs; the reservations under this broad rule being, that the strategy of competitive investment at present somewhat hampers the use of resources otherwise available, and that a relatively slight supply of indispensable materials will necessarily have to be drawn from these outlying countries beyond the pale. Within the range of those raw materials which are afforded by the

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temperate latitudes there is no shortage, present or prospective, among the civilised countries, taken in the aggregate and in time of peace. The sole notable exception under this broad statement is the timber supply; which, it happens, is also the particular one among the outlying natural resources that may be largely laid under contribution without danger of exhaustion and without unavoidable risk of cultural disaster to these outlying peoples of the lower civilisation.

There is, of course, an urgent and unremitting pressure for the headlong "Development," that is to say for commercial exploitation, of all these outlying natural resources; but this is a clamor for private gain, not for public use. The promoters and financiers are seeking profitable concessions and investment, and they are actuated uniformly by the businesslike motive of special advantages to themselves, not by considerations of material advantage to anyone else or to the community at large; nor is it at all apparent that any net gain commonly accrues to anyone else from enterprises of this kind. More frequently than not, the aim is a competitive advantage as against rival business concerns, or the monopolisation of materials with a view to the control of the market.

In those countries where this pursuit of private gain at the cost of the country's resources has been allowed freely to run its enthusiastic career, as, e.g., in America, the consequences have been a wasteful exhaustion of certain natural resources (e.g. the destruction of forests by the lumber interests); together with a hurried appropriation of the tillable land, followed up with a slovenly cultivation and impoverishment of the soil, resulting in low yields and high aggregate cost per unit of goods delivered; so also the speculative holding of natural resources out of present use with a view to a prospective unearned gain (as in American land speculation, rural and urban, and the monopolisations of transportation franchises, water-power, or mineral deposits); and, as will commonly, though it may be less patently, happen in the like case, the gravest mischief has been a pervasive deterioration of industrial enterprise into a collusive chicanery and a speculative traffic in unearned gains.

To such pressure for private gain under the shield of the League's countenance the League can on no account afford to yield; inasmuch as, among other things, all traffic of this kind is a fertile source of commercial jealousies and intrigue, and these habitually give rise to international difficulties and eventual grievances to be redressed. All of which would appear to dictate that these natural resources

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among the outlying peoples who so come under surveillance should in no case be alienated, that they should at the farthest concession be worked under lease, for a short term only, and under such control and power of revision and revocation as would lower the inducements offered to private enterprise to the practicable minimum. It follows also that permanent improvements and plant incident and necessary to the usufruct of these resources, as, e.g., docks, harbor works, roads, means of storage and transport, should be taken over by the common authority and held in common usufruct under surveillance. And in general terms, no encouragement should be extended to private enterprise to enter this field, no discrimination is to be countenanced, and no vested interest must be allowed to take effect in these premises.

Larger and more complex and delicate questions of "economic penetration" will arise in connection with those backward peoples who are nominally independent nations and who are outside the jurisdiction of the Pacific League. This class of outstanding nations comprises such countries as, e.g., Abyssinia, Mesopotamia, Persia and Arghanistan. The traffic between the federated peoples of the League and these outstanding nations will unavoidably be large, continued, highly diversified, and ever increasing with the passage of time and the growth of industry. In this intercourse the League will be dealing with these nations as outside parties; so that the question resolves itself into a matter of what regulations can be put into effect within the limits of tolerance drawn by the consent and good-will of these outstanding nations. There are also vested interests which have already found lodgment in the countries in question, in the way of investments, concessions, and an established clientele; and there are further enterprising persons who are due incontinently to seek similar privileges and opportunities for commercial gain in these countries so soon as settled conditions return.

It should be recalled that the paramount aim of the League is to keep the peace on a footing of good-will at large; and that the pacific peoples federated under the terms of the League, therefore, stand to claim no special or exceptional advantages of trade or investment, for themselves or their citizens. With this proviso in mind the logical course to be pursued should not be particularly obscure, in outline; although it may prove perplexing enough to follow out the simple logic of the case in the face of obstinate preconceptions and a partisan bias standing over out of the past. Insistence on national rights and obligations is as incompatible with

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a safe economic policy at this point as the primary aim of the Pacific League is incompatible with that *status quo ante* against a relapse into which the League is designed to provide.

The aim here must plainly be to avoid those conflicts of claims and jurisdiction out of which disputes arise. To this end, it is plain, all international discriminations among the associated peoples of the League are to be disallowed. It is with a view to avoiding jealousy and friction of this kind, that it has been proposed in an earlier passage to submerge all national distinctions within the League and reapportion the several countries of the League into administrative and electoral districts without regard to previously existing national boundaries. At the same time, the details of usage and civil law vary greatly from one country to another, both among the peoples to be comprised in the Pacific League and among the outstanding nations, and there is little chance of doing away with such differences of use and wont and law within any moderate period of time.

Therefore, the expedient course in dealing with international relations of trade and investments should apparently be to disclaim and disallow all extra-territorial jurisdiction and all extra-territorial enforcement of pecuniary claims, both among the several peoples of the League and as between these peoples and the outstanding nations; in short, all pecuniary claims and obligations should be neutralised, with the effect of throwing their adjudication unreservedly under the local jurisdiction in whose territory they come up.

Commercial traffic and investment would under this rule be accounted a private venture, in pursuit of which the merchant or investor is acting on his own initiative, for his own ends, at his own risk; in which his compatriots share neither profit nor loss, and for the successful issue of which they assume no collective responsibility. What it comes to is that the community will no longer collectively promote or safe-guard any private enterprise in pursuit of private gain beyond its own territorial bounds.

That such a plan of neutralisation and mutual disavowal of overlapping jurisdictions should govern trade and investment among the peoples of the League should be plain without argument, and so far it will probably commend itself on slight reflection to most of those concerned. That much would presumably be accepted as a corollary following immediately from the League's primary aim,—to keep the peace at large on a footing of good-will. That the same plan is good and reasonable also for the same kind of relations between the peoples of the League and the outstanding nations may at

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first sight seem more doubtful. The application of the principle may be more difficult in the latter case, where mutual consent may not readily be had, in the face of national jealousy and national self-interest. But this difficulty appears less formidable on a closer view of the circumstances of the case. The outstanding nations are small and commercially dependent, as compared with the League, and by so much they will be driven to accept any reasonable conditions offered. The League will be in a position to disallow interference from outside in the case of any alien trader, traveler or investor who has a grievance to present; as well as to disclaim all special rights and immunities of its own citizens in a like case. It may fairly be doubted if public sentiment in any of the pacific countries can be brought to countenance so radical a departure from the established order of national rights and obligations; but it should plainly be the wiser policy to move as far as practicable in this direction, and then to leave an avowed presumption in favor of non-interference in every case of doubt.

To this plan of neutralisation and disclaimer it will be objected that the country's trade and investment interests would suffer irreparably under such a policy, being left at the mercy of these habitually greedy alien nations. It is doubtless true that many an enterprise in the way of investments and concessions in foreign parts would find itself at a disadvantage in its pursuit of gain if it so lost the backing of its home government; but it is equally true that the cost to its home government of keeping such a business concern secure in its pursuit of gain in foreign parts will at an average exceed the advantage which such an enterprise will bring to the rest of the community, who have no share in the gains that may accrue to such an enterprising business concern.

Reduced to elementary terms, the economic effects and bearings of such foreign investments may be described as follows. Investment is made in the foreign country to get a higher rate of profits than at home; which draws a part of the available means of industry out of the country; which advances the rate of profits in the country, or keeps up the rate on home investments, by keeping the productiveness of the country's industry down; which enhances or keeps up prices, and the cost of living; which conduces to activity in industry so long as prices are advancing—in case there is such an advance, which is not always the case. So far the net result is a loss to the home community, though there may be a gain to the interested business concern, except for the (doubtful) gain that may

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come of enhanced activity—in case such an effect is had. Further, the gains which accrue to the investor from these foreign investments are presumed to be received in cash or its equivalent, by the investor, who is commonly well-to-do; this will then be spent chiefly for consumption, by the recipient or on his account, and largely on superfluities; which acts to advance prices at the same time that it diverts so much of the country's industry to the production of goods suitable for such consumption; which limits the production of goods to meet the ordinary needs of the community by that much; which acts to advance, or to keep up, the cost of necessary consumable goods and thereby to increase or keep up the cost of living. Certain remoter consequences, chiefly having to do with the availability of funds for warlike politics, have no interest in this immediate connection.

Analysis will readily show that the community has nothing substantial to gain in such a case; but it is not overlooked that all modern nations are possessed of a very grave sentimental conviction to the contrary. It is an article of patriotic faith and is accepted as a matter of course and of common sense. Even the most judicially pacific among them will have great difficulty in persuading themselves to disclaim these presumed national advantages, however illusory they may be in fact. In favor of such a policy of renunciation it will probably be more to the point to urge that the policy can be put into effect at no prohibitive cost, and that something appreciable along this line is urgently needful as a means to the paramount end of keeping the peace at large.

Doubtless, one and another of the outstanding nations may be counted on to watch their chance and take advantage of such forbearance on the part of the League, and to abuse it so far as their short-sighted worldly wisdom will carry them, — for they will remain outstanding nations only because and so long as they continue to be dominated by the old-fashioned principles of statecraft according to which a foreign people is always a potential enemy. But it is to be recalled that the Pacific League is designed to comprise the greater part of civilised mankind, — at any rate the greater proportion as counted in terms of trade and industry,—and that the greater part of the world's outlying resources are also to be held under the surveillance and administered at the discretion of this same coalition of pacific peoples; whereas the outstanding nations, whose mischievous national ambitions bar them out, are a relatively feeble and scattered lot of industrially immature peoples, each pursuing its

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own archaic illusions and exposed to the vicissitudes of their mutual political intrigue and commercial chicanery. There will, presumptively, be some two or three nations of some appreciable consequence among these outstanding ones,—what would be called second-rate Powers, both politically and industrially; but when all allowance has been made, it remains a secure generalisation that the good-will of the League will be indispensable to the continued prosperity of any one, or of any group, among these outstanding nations. And it follows no less unavoidably from the broad facts that the active good-will of the peoples of the League will accrue to those among the outstanding nations who conduct their affairs most nearly in the same spirit that moves the peoples of the League.

Still, the limits of human presumption are not easy to define, and it may always come to pass that one and another among the outstanding nations will overpass the limits of tolerance, and so call for remedial attention at the hands of the Pacific League. In such a case, still following the line of neutrality and disallowance, the remedy logically to be sought would appear to be an interruption or curtailment of intercourse with the mischief-making nation. Most conveniently and effectually this would take the form of an export duty on goods destined for the country in question, or in case of urgency, an embargo on traffic with nations who are found to be working at cross purposes with the policy of the League.

Such a Pacific League would, in effect, hold the balance of prosperity and of success between the outstanding nations. From which it follows that the League should be able effectually to govern traffic beyond its confines on much the same lines and by much the same methods as may be found wise and expeditious for the control of affairs among the peoples who are immediately amenable to its jurisdiction. The difficulties to be apprehended are difficulties in the way of its adoption rather than in the way of the successful administration of such a policy, once it has been adopted. What is proposed is little else than an unreserved extension of the principles of free trade, but with the inclusion of foreign investments as well as commercial traffic in the scope of this free-trade policy. The proposed scheme, therefore, has the merits and the defects that attach to any free-trade proposal.

It would be quite bootless to go into an argument here on the merits of a free-trade policy. The objections to such a policy are almost wholly a matter of interest, sentiment and preconception, and are not amenable to reason. Although the novelty of such a pro-

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posal to apply to foreign investments, as contrasted with foreign commerce, may conceivably give it a slightly better chance of reasonable consideration.

What is expedient in the way of a collective policy among the pacific peoples, for the control of economic penetration, foreign commerce, and foreign investments, accordingly appears to be exceedingly simple in principle,—so simple as to leave its advocates embarrassed for want of debatable ground. It comes, in principle, to nothing much more than a collusive disallowance of privileges and preference, with safe-guarding of the weak and destitute and without respect of persons. How nearly such a single-minded policy could be approximated in any prospective settlement it is presumably not worth while to hazard a guess; but the nearer it comes to being realised, the more promising appears to be the chance of a lasting peace.

Under such a policy private enterprise is not to be supported or countenanced in making use of backward peoples or their resources; foreign investors will take their chances where they find them, without capitalising the support of their home government; justiciable questions will be decided under the law of the place where they arise, without prejudice by the litigants' domicile.

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WORLD REVOLUTION AND SOVIET FOREIGN POLICY

The Problem

WORLD revolution in the sense of a forcible overthrow of the political, economic and social system of the capitalistic countries has always been and still remains the ultimate end of the Russian interpretation of Marxian socialism. It seems however that in the course of almost fifteen years of Soviet rule in the former empire of the Tsars, the Communist attitude toward the problem of world revolution has undergone notable changes. For the last three years and more the Soviet Union has been carrying out a program of national industrialization on a scale entirely without parallel in the annals of mankind. This huge program is based, as everybody knows, on the extensive use of machinery and of trained specialists and experts from the world of capitalism. The success of the Five Year Plan and of the "plans" which will follow it largely depends on the coöperation between the socialist and the capitalist systems. The complete and immediate breakdown of capitalism, which the Soviets so eagerly advocated in their early days, would necessarily mean the abandonment of the scheme for industrialization and a tremendous setback for this most cherished ambition of the Russian Communist party. The problem therefore is to follow and, if possible, to explain the growth and evolution of two sets of ideas which appear, at first sight, to be irreconcilable: on the one hand, the world revolution which is to destroy the very existence of capitalism, and on the other, the avowed desire to build up this first socialist state with the assistance and help of those very capitalistic countries which are to be destroyed.

It seems fairly clear that the methods of the Soviet Government in 1920 and in 1932 are by no means the same, and that a considerable change has taken place in their policies as regards the rest of the world. Was this change due to considerations

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of mere expediency, or was it also the result of evolution in one of the fundamental doctrines of the Communist party?

The question, as I see it, can best be answered by subdividing the whole field into two principal parts: (1) a study of the evolution of the doctrine of world revolution; and (2) an attempt to trace the effects of this evolution, if any, upon the political and economic relations of the Soviet Government with the capitalistic world.

I. THE DOCTRINE OF WORLD REVOLUTION

Lenin's Warning

Lenin himself warned his political friends against taking too sanguine a view of the immediate prospects of a world revolution. In an article written in 1914, he expressed the following views:

> The proletarian flag of civil war will gather around it—if not to-day, then to-morrow, if not during the present war, then after it, if not during this war, then during the next war which will follow — not only hundreds of thousands of responsible workers, but also millions of semi-proletarians and small bourgeois, to-day bamboozled by chauvinistic ideas, whom the horror of war will not only terrify and benumb, but whom it will also enlighten, teach, organize, strengthen, and prepare for a war against the bourgeoisie in their own country and in foreign countries.[1]

In an article directed against Kautsky and the socialists of his school, Lenin amplified his statement. "How long will the present situation last and how much more acute will it become?", wrote Lenin.

> Will it lead to revolution? We do not know, and no one can possibly know. The answer will be given only with the growth of revolutionary feelings and when the most advanced social group, the proletariat, decides to take action. There can be no question here of any "illusions" and their not being ful-

[1] N. Lenin, *O Polozhenii i Zadachakh Sotsialisticheskogo Internatsional* (*Conditions and Aims of the Socialist International*), in *Sochinenya* (*Works*), 2nd ed., vol. XVIII, p. 71.

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> filled, because nowhere and at no time did a socialist ever take it upon himself to guarantee that the revolution would be brought about by this, and not by the next war, by the revolutionary situation of to-day, and not by that of to-morrow. We are speaking here of the most fundamental and most indisputable duty of every socialist, the duty to uncover before the masses the existence of a revolutionary situation, to explain to them its depth and possibilities, to awake the revolutionary conscience and determination of the proletariat, to assist it in taking revolutionary action, and to create an organization suitable for carrying on this work in the existing revolutionary situation.[1]

A similar element of caution as to the immediate revolutionary outlook may be detected in the pronouncements of Lenin during the discussion which took place in 1918 in connection with the Brest-Litovsk Peace. He repeated his warning at the opening of the Second Congress of the Communist International in 1920 when the then victorious advance of the Red Army toward the frontiers of Poland was interpreted by many of his followers as the final blow to capitalism, at least in eastern Europe.

> We have now [said Lenin on July 19, 1920] approached the question of the revolutionary crisis, as a basis for our revolutionary action, and here I must draw your attention to two widespread errors. On the one hand, the bourgeois economists represent the present crisis as an unpleasant disturbance, to use the elegant expression of the English writers. On the other, some revolutionaries attempt to prove that the crisis is absolutely without an issue. This, however, is a mistake; there is no such a thing as a situation absolutely without an issue. The bourgeoisie behaves like a crazed wild beast; it piles up stupid mistakes that accelerate its own ruin. All this is true. But you cannot "prove" that it is absolutely impossible for the bourgeoisie to quiet a certain minority of the exploited by certain small concessions, that it will not succeed in suppressing a certain uprising or movement among a certain group of the debased and exploited population. To attempt beforehand to

[1] N. Lenin, *Krakh Vtorogo Internatsionala* (*Bankruptcy of the Second International*), in *Sochinenya* (*Works*), vol. XVIII, p. 246.

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prove that a situation is "absolutely without issue" would be mere pedantry or a futile exercise for idle minds. Facts alone are the only real "proofs" in this and similar questions. The bourgeois system throughout the world is passing through a severe crisis. It is necessary to "prove" now, by the action of the revolutionary party, that they have sufficient organization and capacity to coöperate with the exploited masses, sufficient determination and skill to use the crisis for bringing about a successful, a victorious revolution.

Karl Radek maintains, in an article written, it is true, in 1931, that Lenin had foreseen a long period of struggle between the proletariat and the capitalistic system, a period crowded with national revolutions and colonial uprisings, and that the final transformation of the democratic revolutions in the East into the great socialist world revolution would be a slow and lengthy process.[1]

The Early Stage

Whatever might have been the reasoned attitude of Lenin toward the problem of the world revolution, there seems to be little doubt that in the first years of the Soviet régime its leaders were living in the expectation of the imminent and rapidly approaching collapse of the capitalistic world. Lenin himself was not foreign to this extravagant expectation, which failed to materialize. He admitted this on more than one occasion.

We must remember that the men who found themselves in the autumn of 1917 at the head of the Russian government had no experience in practical statesmanship. Their training in statescraft had been acquired in the prisons of Siberia or in the semi-illegal emigré organizations in the distant capitals of Europe and America. Their chief, if not their only, purpose had been the struggle against Russian autocracy. And the extraordinary combination of historical events which made them the successors of the Russian Tsars took them as much by surprise as it did the rest of the world.

[1] Karl Radek, *Leninskoe Uchenie o Mirovoi Revolyutsii v Svete Istoricheskoi Proverki*, in *Izvestia*, January 22, 1931.

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They had no definite or constructive program and, indeed, many were those among them who did not expect that their reign would last for more than a few months, perhaps weeks, or even days. But as weeks and months passed and the Soviet rule began to consolidate itself and strengthen its position, the Communist leaders, in the exhilaration of their almost incredible success, developed a sincere belief that the fate of Russia was also the fate of the rest of the world, and that the establishment of the Soviet rule in capitalistic countries was a question of the very near future.

The first congress of the Third International, which met in March 1919, was the occasion of a pan-communist demonstration on an unprecedented scale. Prophecies of the approaching downfall of capitalism were freely made. Zinoviev, the president of the Third International, declared in an article written about this time that within the period of one year the whole struggle for the establishment of the Soviet rule in Europe would be an almost forgotten question of the past, that the struggle in Europe would be over and would be transferred to the other quarters of the world.

But even by the second congress of the Third International (July 1920) Zinoviev was forced to confess that his expectations had been somewhat too optimistic. He admitted that the lease of life he had given the capitalistic countries had been too short, that they would perhaps be able to survive for another two or three years.[1] At the same congress Lenin developed his theory that the colonial and semi-colonial countries were perfectly capable of passing from their present social and economic condition directly into the socialistic stage, and thus altogether avoiding the preliminary stage of capitalism.[2]

Zinoviev bluntly declared that the Third International of 1919 had been merely a society for propaganda. It was now to be transformed into the general staff of the world revolution, a fighting organization capable not only of spreading

[1] *Vtoroi Kongress Kommunisticheskago Internatsionala* (*Second Congress of the Communist International*), verbatim report, Petrograd, 1921, p. 16.

[2] *Ibid.*, p. 119 *et seq.*

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Communist ideas, but also of direct revolutionary action. The First International of 1864 and the Second International of 1889 were described by him, using the Hegelian terminology, as the thesis and the antithesis. The Third International must be the synthesis, the culminating stage of a whole process of historical development.[1] These ideas were embodied in the Statute of the Third International which was approved by the congress. "The Communist International", proclaimed this document, "has for its purpose the struggle by all available means, including armed force, for the overthrow of the international bourgeoisie and the creation of an international Soviet republic as a transitory stage to the complete abolition of the state."[2] Article I reads as follows:

> The New International Brotherhood of Workers is founded for the joint action of the proletarians of various countries who in common aim to overthrow capitalism and establish the dictatorship of the proletariat and the international Soviet republic for the destruction of class society and the bringing about of socialism, that first stage of the communist society.[3]

The second congress of the Third International issued a manifesto in which it denounced the policy of the United States, which was now substituting for its former doctrine, "America for the Americans" (described as the Monroe doctrine) the new doctrine, "The whole world for the Americans." The League of Nations was represented as an attempt to extend the economic and political hegemony of the United States over the whole world. It was merely a different name for the firm "Yankee and Co." A merciless struggle against the sinister schemes of the world bourgeoisie was to be conducted by the Third International.[4]

The Third Congress of the Third International

The third congress of the Komintern met in June-July 1921, in an atmosphere somewhat more sober than that of the first and second congresses. The extravagant expectations of the

[1] *Ibid.*, pp. 193-194.
[2] *Ibid.*, p. 620.
[3] *Ibid.*, p. 621.
[4] *Ibid.*, p. 628.

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first years had failed to materialize. And, with characteristic frankness, the Soviet leaders admitted their disillusionment.

> Only now [said Trotsky] we begin to see and understand that we are not yet on the threshold of one realization of our ultimate aim—the conquest of power on a world scale, the world revolution. Then, in 1919, we said that it was a question of months; we say now that it is a question of years. We do not know exactly how long it will take, but we know that we are moving toward that goal and that our position to-day is much stronger than it used to be. . . . The struggle will be, perhaps, a long one and our progress will be slower than we desire. It will be a difficult struggle which will require many sacrifices. But we are learning from experience. . . . We were ready and we shall be ready in the future to use every situation, whatever it may be, for the revolutionary offensive and for the conquest of political power.[1]

Radek, who followed Trotsky with an ambitious report on the tactics of the Komintern, insisted on the necessity of organizing the masses for a lasting struggle and emphasized the importance of the Communist parties in carrying out that work. His slogan was: "To the masses!".

> A revolution cannot be organized [he said]. One can command an army, but not a revolution. It is an unruly, elementary process and it determines our method of action—which is to explain to the political consciousness of the masses the meaning of the struggle and to organize and coördinate the "shock" detachments of the proletariat, its vanguard, so that it could, on the crest of the revolutionary wave, dash forward and lead the masses in the struggle.

And Radek closed his speech with the advice "not to expect from to-day what belongs to to-morrow."[2]

Radek's speech also contained an interesting statement which has an immediate bearing upon the question as to whether

[1] *Treti Vsemirni Kongress Kommunisticheskago Internatsionala* (*Third World Congress of the Communist International*), verbatim report, Petrograd, 1922, pp. 45-46.

[2] *Ibid.*, pp. 204-206, 227.

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socialism can be established in only one country. We shall have to discuss it below. "If there is a lesson the Russian experiment has taught," he said, "it is this: The transition to communism in an isolated country, especially if that country is almost exclusively agricultural, presents immense difficulties."[1] We shall see that the discussion to which this doctrine gave rise became one of the turning points in the history of the Russian Communist party.

Lenin joined in the discussion.

> When in due course we entered the world revolution [he said], we did so not because we believed that we might change its course, but because a number of conditions seemed to necessitate such action. Our argument was as follows: Either the world revolution would come to our assistance, and then our victory would be certain, or we should do our modest revolutionary work conscious that even our defeat would serve the cause of the revolution. It was clear to us that without the support of the international world revolution the victory of the proletarian revolution could not be achieved. Even before the [Russian] revolution, as well as after it, we expected that either then, or at least very soon, revolution would take place in other countries where capitalistic development had reached a more advanced stage; or, in the contrary case, that we should perish. In spite of this belief and under the most adverse conditions we did all in our power to safeguard the Soviet system because we knew that we were working not merely for ourselves, but also for the world revolution. . . . The actual trend of revolutionary development differed somewhat from our expectations. Up to now we have had no revolution in the other great and more advanced capitalistic countries. It is true that the revolution is making progress . . . and this is the real reason why the international bourgeoisie, although it is economically and militarily a hundred times stronger than we are, is unable to strangle us. . . . What are we to do now? We must undertake a careful study of how to prepare revolution and its actual development in the advanced capitalistic countries.[2]

In the discussion that followed, Radek, replying to the

[1] *Ibid.*, pp. 207-208.

[2] *Ibid.*, pp. 354-355.

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criticism of a German delegate that interests and policies of the Soviet Union were sometimes in conflict with those of the proletariat of other European countries, made a strong plea for Russia's part in the world revolutionary movement.

> We are now [he said] in the transition stage from foreign war to internal peace, and economic problems are acquiring a fundamental importance. . . . If you do not deny that Russia has been so far the stronghold of the world revolution . . . then you will be forced to recognized that all that we have done so far is essential from the point of view of the world revolution. . . . The reasons for the policies of Soviet Russia are perfectly clear. They are the necessary consequence not only of the situation which exists in Russia, but also of the situation in which the proletariat of the world finds itself. If the question is asked whether this policy is not fraught with danger, the answer is that it certainly is. Lenin has stated in his theses that an isolated, proletarian government can continue to exist only during a limited period of time. We have discussed at length this danger at our meetings. There is only one real cure for this situation, the acceleration of the world revolution.[1]

Bukharin, the eminent authority on Communist theory, took a similar view.

> Shall we survive or not? It is actually impossible to give a definite answer to this question. The important thing for us at the present is to gain time. If we are lost, this does not mean that the revolution in western-European countries is also lost. You will profit by our experience. But, at any rate, we are not lost yet.[2]

The New Economic Policy

The New Economic Policy which, in the spring of 1921, was inaugurated by Lenin over the opposition of an influential section of the Communist party, was in part the result of the complete economic disorganization of the country brought about by the experiments of the so-called War Communism, and in part the recognition of the fact that the prospects of a

[1] *Ibid.*, pp. 365-366.

[2] *Ibid.*, p. 382.

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world revolution were not too bright. It was wrongly understood outside Russia as an abandonment of the very principles of communism. It was merely a breathing-space, the necessity of which was dictated to Lenin by his keen sense of realities.

In his report to the fourth congress of the Komintern, which met in November-December 1922, Lenin discussed the five years of the Russian revolution and the outlook for the world revolution. He advocated the imperative need of making progress by slow stages, and warned his followers against taking too hasty steps. He emphasized the importance of making provision for tactical retreats as the best method of ensuring final victory.[1]

Trotsky, in a report on the New Economic Policy, sounded the same note. The important thing was that the political power in Russia was in the hands of the working classes. Any revival of the capitalistic forms of production was unessential as long as this fundamental condition was maintained.[2]

Radek, in a report on the advance of capital, pleaded for a better organization of the Communist parties and their leader, the Komintern. The future of the world revolution depended on the action of these bodies.

> The Communists form the vanguard of the working class, they believe in the dictatorship of the proletariat; but the rank and file of labor outside the Communist parties remain outside the struggle unless they are forced to take part in it by circumstances. At the present time the majority of the working class has no thought of seizing political power, that is clear.[3]

The general tenor of the discussion was one of deep disappointment.

The eighteen months which elapsed between the fourth and the fifth congresses of the Komintern brought considerable changes in the political situation in Soviet Russia. The death

[1] *Chetverti Kongress Kommunisticheskago Internatsionala* (*Fourth Congress of the Communist International*), selected reports and resolutions, Moscow-Petrograd, 1923, pp. 62-64.

[2] *Ibid.*, p. 109 *et seq.*

[3] *Ibid.*, p. 172.

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of Lenin was followed by a stubborn struggle for leadership, from which Stalin emerged the victor. The political future of a number of leaders of the Komintern was extremely uncertain. Among them were some of the outstanding personalities such as Trotsky, Zinoviev and Bukharin. On the other hand, the New Economic Policy brought a marked improvement in the economic situation; and economic questions of industrialization and reorganization were rapidly taking precedence over purely political problems, in the minds of the new rulers of the Soviet Union. While the struggle for the overthrow of capitalism was still an important item in the Soviet program, it was perhaps not quite as important as in the first years of the régime. The Komintern itself began to lose some of its former influence and popularity in high Soviet circles.

This new situation naturally affected the character of the discussion at the fifth congress of the Komintern, which met in June-July 1924. Since 1919 Zinoviev had traveled a long distance from his original and optimistic views on the world revolution.

> It would have been easy [he said] for the third congress to produce a paper scheme proving that in the next year or two we should witness the complete breakdown of capitalism. But what would be the use of such a scheme if it had no relation to the facts? We have learned much in the course of the last years; we have understood among other things that the term "breakdown of capitalism" must be used with caution. The breakdown of capitalism is indeed unavoidable, it is doomed, but we must see things in their true light and must use the idea of "time" with greater caution than in the past.[1]

Such were the melancholy comments of the president of the Komintern!

Bukharin delivered a most elaborate speech on the capitalistic forms of production when used by the proletarian state in order to achieve its aims.[2]

[1] *Pyati Vsemirni Kongress Kommunisticheskago Internatsionala (Fifth World Congress of the Communist International)*, verbatim report, vol. I, Moscow-Leningrad, 1926, p. 438.

[2] *Ibid.*, p. 488 *et seq.*

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The congress adopted a lengthy resolution containing a comprehensive analysis of the revolutionary movement and the prospects of revolution in various countries. In particular it emphasized the importance of the colonial countries and the leading part of Russia in the revolutionary movement. The Komintern, while declaring itself ready to support any possible revolutionary outbreak the ground for which had been made ready by the decay of capitalism, was also prepared to face a long and protracted struggle.[1] The general impression, in reading the minutes of the fifth congress, is that the aggressive spirit of the earlier days was somewhat lacking.

"Socialism in One Country" [2]

The year 1925 was marked by one of those periodical discussions which, arising between the various sections of the Russian Communist party, are not without direct influence upon the policies of the Soviet Union. "The discussion of 1925", as it is officially known, resulted in the defeat of the Left Opposition and the eclipse of such Communist luminaries as Trotsky and Zinoviev. Among the chief points involved was the question as to whether socialism could be built up in only one country or whether the organization of a socialist society in even one separate country was completely dependent on the success of the world revolution. Trotsky, Zinoviev, and their friends were finally convicted of holding the view that the backwardness of Russia presented an insurmountable obstacle to the creation of a socialist society unless her efforts were accompanied by the overthrow of capitalism in the principal capitalistic countries.

The subject of the discussion, as we know, was by no means a new one. It enjoyed some popularity with Communist writers in 1905-1906, and again in 1915, in 1921 and the years following. But with the success of the New Economic Policy the question acquired a new importance and was brought from

[1] *Idem*, vol. II, Moscow-Leningrad, 1925, p. 47.

[2] *Cf. V.K.P* (b) *v Borbe s Uklonami* (*The Russian Communist Bolshevik Party in Its Struggle with Heresies*); the discussion of 1925; materials and documents edited by K. A. Popov; introduction by E. Yaroslavsky; Moscow-Leningrad, 1929.

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the field of theory into the field of practical politics. What was to be the policy of the Soviet Union in the years to come? Its ultimate aim—the abolition of capitalism throughout the world—remained unaltered; but the methods to be followed depended on the answer to the question as to the possibility of establishing socialism in only one country. If the undertaking was hopeless—and this was the interpretation put at the time upon the views of Trotsky and Zinoviev—then the economic reorganization of the country was obviously a matter of minor importance, and the whole energy of the Soviet Union was to be concentrated on the direct and immediate struggle against the capitalistic world, the breakdown of which was the only way of reaching the ultimate aim. If, on the other hand, socialism could be established merely in the Soviet Union alone, in spite of the hostile, capitalistic environment, then the economic reconstruction of Russia acquired an entirely new significance, both from the merely national point of view, and also from the point of view of the world proletariat. The triumph of a socialist economy, especially while contrasted with the contradictions of the capitalistic world, would be a factor of immeasurable influence in advancing the cause of world communism. What better argument could be devised to favor the aim the Soviets have at heart than the picture of a prosperous, happy and self-contained socialist Russia in the midst of capitalistic countries suffering from the evils of unemployment, and those crises that are due to the "anarchy of production" and the wastefulness of the capitalistic system? It was certainly worth some purely temporary concessions to the class enemies. These concessions were not a retreat, they were merely tactical movements which would put the Soviet Union in a much stronger position.

The discussion of "socialism in one country" was taken up with that amazing passion and intolerance which has at all times characterized disputes about religious dogmas. The works of Lenin were searched for pertinent quotations supporting the arguments of the opposing groups. Capital was made by Stalin and his followers of a sentence which occurs in one of Lenin's articles published in 1915, to the effect that the

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proletariat of a country where a successful revolution has taken place "will organize capitalistic production."[1] Even more important, it was declared, was the statement made by Lenin in 1923 in his article "On Coöperative Societies." After enumerating the economic and social conditions prevailing in Soviet Russia, Lenin asked the question whether this was not all that was necessary for the building up of a complete socialist society. "This is not yet a socialist society," he said, "but here are all the elements for building up such a society."[2]

One must remember that the views of Lenin are treated in Communist Russia with something like the feeling of reverence and veneration which the Gospels enjoy in Christian communities. The misrepresentation of the Truth announced by the Master is heresy, and the heretics are not slow in finding their way to the stake. Trotsky was sent first to Alma-Ata, and then to the Princes Islands. Zinoviev was removed from office. Other heretics suffered appropriate punishments.

Stalin himself was not free from suspicion. In an article published in April 1924 he made a statement which caused him no little trouble.

> The overthrow of the political power of the bourgeoisie and the transfer of such power to the proletariat in one country does not yet guarantee the complete victory of socialism. The chief purpose of socialism—the organization of socialistic production—still remains to be achieved. Is it possible to solve this problem, to achieve the final victory of socialism in one country without the joint effort of several advanced countries? No, this is impossible. The overthrow of the political power of the bourgeoisie can be accomplished by the efforts of one country, we know this from the experience of our revolution. But for the final victory of socialism, for the organization of socialist production, the efforts of one country, especially a peasant country like Russia, are not enough; this needs the efforts of the proletarians of several advanced countries. The development and

[1] N. Lenin, *O Lozunge Soedinennikh Shtatov Evropi* (*On the United States of Europe*), in *Sochinenya* (*Works*), vol. XVIII, p. 232.

[2] N. Lenin, *O Kooperatsii* (*On Coöperative Societies*), in *Sochinenya* (*Works*), vol. XXVII, p. 392.

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> support of the revolutions in other countries is one of the essential tasks of the victorious revolution. The victorious revolution therefore must consider itself not as a self-contained unit, but as a subsidiary to, as a method for, the advancement of the victory of the proletariat in other countries.[1]

This paragraph as might well be imagined, was widely used against Stalin. In December 1924 he published another article in which he tried to explain that what he actually meant was misrepresented and distorted by his opponents. Stalin maintained that what he meant by the phrase that the seizure of power by the proletariat "does not yet guarantee the complete victory of socialism" was merely that a socialist system could not be considered as completely safe as long as it was living in the hostile environment of capitalistic nations. This was, according to him, the meaning of his "final victory of socialism in one country." He argued that the restoration of old conditions was unthinkable without the intervention of foreign capitalistic powers. As long as capitalism was not dead, such intervention was always possible. The "final victory" therefore depended, in this sense and in this sense only, on the overthrow of capitalism.[2]

Whether or not this explanation sounds plausible to one who is not compelled to accept as binding the official statements issued from the Kremlin, it satisfied Stalin's critics in Moscow. The possibility of establishing socialism in one country became one of the new dogmas of the Soviet Gospel. This doctrinal development put an end to the situation which, according to Stalin, existed in Russia in 1923, on the eve of the revolutionary outbreak in Germany, when young Communists were ready to give up their studies and run to Berlin on the theory that a revolutionary had nothing to do in Russia and that his place was on the barricades of the German capital.

[1] J. Stalin, *O Lenine i Leninisme* (*About Lenin and Leninism*), Moscow, 1924, p. 60.

[2] J. Stalin, *Oktyabrskaya Revolutsya i Taktika Russkikh Kommunistov* (*The October Revolution and the Tactics of Russian Communists*), Moscow, 1924, reprinted in J. Stalin, *Ob Oppozitsii* (*On the Opposition*), Moscow-Leningrad, 1928, pp. 155-159. *Cf.* also J. Stalin, *Voprosi i Otveti* (*Questions and Answers*), Moscow, 1925.

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Such an attitude was now officially declared to be "counter-revolutionary opportunism". The ultimate aim of world revolution was certainly not abandoned, but it was to be achieved by different methods. The Soviet Union was entering the path of a species of collaboration with the countries of capitalism.

Toward Coöperation

It may be objected that in this discussion too much emphasis has been put upon the value of purely theoretical aspects of the situation, and it may be said that, after all, Soviet policies toward the rest of the world are determined by considerations of expediency rather than by doctrines. There is no question that exigencies of the moment played an important part in shaping the policies of the Soviet Union, but requirements of expediency can hardly be divorced completely from theoretical considerations. The Soviet Union is governed by a strongly disciplined party which is organized, in a sense, on the model of a religious order. The party enjoys autocratic powers and has no reluctance about using them. And no one but the most biased observer of the history of Soviet rule could maintain that the Russian Communist party has not been consistently working for the achievement of its ultimate aim—the establishment of integral communism not only in Russia but in the whole world. The methods have changed, but the purpose remains the same.

The general ideas and principles underlying the Soviet policy toward the capitalistic world have been clearly stated in a very significant resolution adopted by the fifteenth congress of the Russian Communist party held in December 1927.

> The results of the economic development from the beginning of the so-called New Economic Policy, which established the foundations of a co-existence of socialized state industry with the small and very small peasant producer, have fully confirmed the thesis of Lenin that we have in our country all the necessary elements for the building up of socialism; that the objective internal conditions of the economic and social development of the USSR contain no elements making for its inevitable downfall or for the transformation of the dictator-

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> ship of the proletariat; and that the existence of a large number of small peasant holdings and collaboration between them and socialized institutions do not necessarily limit our progress to that of a purely peasant country. . . . The experience of state planning has proved that our plans have required, on more than one occasion, revisions more or less considerable, that they are necessarily of a tentative and conditional character, that the real plan unavoidably grows, organically, in harmony with the greater degree of organization of the national economy and with the improvement in the methods of checking up and forecasting due to the growth of the socialized sector of national economy. . . . In planning our economic activities in the field of international relations it is imperative to take as our point of departure not the bare consideration of a maximum development of such activities (such a principle, advanced by the opposition, if applied logically, would mean the abolition of the monopoly of foreign trade and an economic and military capitulation to the international bourgeoisie), and not the restriction of our economic relations with the capitalistic world (the application in practice of this principle would mean the slowing down of the tempo of our economic progress and that of the establishment of socialism in general). We must base our policy on the principle of a maximum development of our economic relations with foreign countries as far as such relations (expansion of foreign trade, foreign credits, concessions, employment of foreign technical advisers, etc.) contribute to the economic strength of the Union, make it more independent of the capitalistic world, and broaden the socialist base for further industrial expansion of the Union. Only with these reservations can we speak of the maximum development of our economic relations.[1]

This policy of economic expendiency, backed by the ideological propositions we have discussed, has been followed fairly consistently by the Soviet Union in its relations with the capitalistic world in the course of the last three or four years. The Komintern, that noisy general staff of the world revolution, has been quietly but firmly relegated to the background.

[1] *XV Sezd Vsesoyuznoi Kommunisticheskoi Partii Bolshevikov* (*XVth Conference of the Russian Communist Bolshevik Party*), verbatim report, Leningrad-Moscow, 1928, pp. 1291-1292.

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The attention of the Soviet Government has been concentrated on the success of the Five Year Plan, which necessitated closer economic relations with the capitalistic world. Although the inevitability of a war between the Soviet Union and the rest of the world is still discussed by Soviet statesmen and the Soviet press in connection with any new departure in international affairs, this war is now uniformly represented as a conspiracy of the bourgeoisie against the peaceful Communist state. The former crusaders of the world revolution at any cost have exchanged their swords for machine tools and rely more on the result of their labor than on direct action to achieve the ultimate victory of the proletariat. Even the head of the Red Army, Voroshilov, in a speech delivered on May 22, 1930, before the regional conference of the Communist party of the Northern Caucasus, devoted much of his time to the necessity of developing economic relations with the outside world. Naturally, he did not omit the usual references to the inevitability of a war between socialism and capitalism and paid conventional compliments to the Red Army. But his military utterances were clearly subordinated to the recognition of the advantages Russia was deriving from a peaceful intercourse with other countries.[1]

Similar in tenor was the speech delivered in Leningrad in June 1930, by Molotov. A few days later, on June 19 of the same year, Kalinin, president—after a fashion—of the Soviet Union, after enumerating, in a speech to the conference of the Communist party of the Lower Volga, the factors indicating the growth of Russia's foreign trade, declared that it was "of immense significance, both politically and economically, to the parties involved, because it opened broad possibilities for the development of business coöperation and the consolidation of peace in Europe."[2]

Most instructive is the speech delivered by Molotov, President of the Council of People's Commissars, in March 1931. At the end of his survey of the progress made in Soviet foreign

[1] *Izvestia*, June 17, 1930. Similar views were expressed by Voroshilov in an address delivered by him on the occasion of the celebrations of May 1, 1932. See *New York Times*, May 2, 1932.

[2] *Izvestia*, June 11, 1930.

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trade, and of the place occupied by the Soviet Union on the world market (he regretted that it was still below Russia's pre-war level) Molotov declared that the development of the foreign economic relations of the Union was to the mutual benefit of all parties concerned.

> The interests of our socialistic upbuilding are inseparably bound up with the development of peaceful relations with other countries and the progress of economic intercourse between the USSR and these countries. This aim, the aim of strengthening peaceful relations and building up economic ties with other countries, has been invariably the foundation of the policy of the Soviet Government during the period now under review.

But even more significant, perhaps, was the closing part of Molotov's speech.

> At the European Economic Conference of 1927, our delegates made the following statement: "Socialism is not merely a system of economic and social equality. Socialism, first of all, means peace. The contradictions between the two economic systems, which during a certain historical period must unavoidably co-exist, do not exclude the possibility of a practical arrangement between them." To-day we still hold the same view. We also believe that, as a matter of policy, this attitude of the Soviet Government is justified by the course of events. When we speak of the necessary co-existence during a certain historical period of two social systems which are based on contradictory principles—capitalism and socialism—we draw therefrom *our own* conclusions. We are aware that the bourgeoisie draws therefrom *its own* conclusions. Our conclusions are that the said historical period must be used to the utmost in order to gain the victory for our system. The purpose of our class enemy is to annihilate the Soviet state, the socialist state. Two worlds are brought face to face. A struggle is going on between these two worlds. Our purpose is the building up of socialism in the USSR and the world struggle for the cause of communism, for the complete victory of the cause of Marx-Engels-Lenin.[1]

This declaration met with a thunder of applause.

[1] *Izvestia,* March 11 and 12, 1931.

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In his remarks before moving the adjournment of the sixth congress of the Soviets, on March 13, 1931, Molotov reiterated the basic principles of the Soviet policy:

> Our fundamental task is to fulfill the Five Year Plan and to assure the further success of socialistic construction. This determines the home policies of the Soviet Government, as well as our foreign policy. Our watchword remains unaltered—a struggle for the maintenance of international peace and the strengthening of peaceful relations with other countries.[1]

These pronouncements, it will be conceded, mark a striking departure from the attitude of the Soviet leaders of the period of War Communism. In spite of all the reservations attached to them by Soviet spokesmen, they undoubtedly represent a factor of considerable importance in the international relations of the world.

II. THE TREND OF SOVIET FOREIGN RELATIONS

The First Steps

It is obviously an extremely hazardous undertaking to attempt to discover the guiding ideas of the foreign policy of a great nation during a period of violent revolutionary disturbances; especially if the revolution takes place in the midst of a war and is followed by several years of civil war, foreign intervention and blockade; and also if the principles adopted by the new revolutionary government present a striking departure not only from the policies of its predecessors, but likewise from those followed by the rest of the civilized world.

There is no doubt that the policy of the Soviet Union in its relations with foreign countries was partly shaped by the attitude of foreign governments toward the Soviets, and that on more than one occasion it was dictated by the exigencies of the moment and by considerations of expediency. Nevertheless a closer examination of Soviet foreign relations seems to indicate that they followed certain general ideas, among which the first place belongs to the doctrine of world revolution and its evolution which was briefly set forth in the first part of this

[1] *Ibid.*, March 14, 1931.

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article. It is only in the light of this evolution that the changing moods and methods of the Soviet diplomacy can be fully understood.[1]

The general enthusiasm for the world revolution and belief in its imminence, which was shared by the majority of the Soviet leaders during the early part of the Soviet rule, was clearly the guiding principle which inspired their first steps in the arena of international diplomacy. The influence of this doctrine was ever-present in the negotiations with the Central Powers at Brest-Litovsk early in 1918. The negotiations themselves were freely used by the Soviet plenipotentiaries, headed first by Joffe and then by Trotsky, as an exceptional opportunity for revolutionary propaganda among the war-weary people of Germany, Austria-Hungary, Bulgaria and Turkey. The attitude of the Soviet delegation found its fullest expression in Trotsky's celebrated formula "No war, no peace", that is, the declaration of the end of the war and the demobilization of the army without making peace with the enemy. This policy was officially sanctioned by the Council of People's Commissars over the objections of Lenin. The firm attitude of the German Government, accompanied by the rapid advance of German troops in the direction of Petrograd, made it necessary for the Bolsheviks to abandon this policy. On February 17, 1918, on the receipt of the news of the occupation of Dvinsk by the Germans, the Executive Committee decided by a vote of 7 to 6 in favor of accepting unconditionally

[1] The bird's-eye view of Soviet foreign relations given in the following pages must be considered as a mere illustration of the practical application of the general evolution of the fundamental Communist doctrine which we have discussed. The subject itself is much too big to be conveniently treated in an article. A very full record of the Soviet foreign relations will be found in Louis Fischer, *The Soviets in World Affairs*, 2 vols., New York, 1930, to which the author is much indebted for the factual information given below. Unfortunately he finds himself unable to agree with most of Mr. Fisher's interpretations. The collection of documents published under the title *The Soviet Union and Peace* (New York, 1929) does not deal with the doctrine of world revolution in which we are interested here. These documents, as well as the introductory article by M. Henri Barbusse, obviously give an incomplete and partisan picture of the attitude of the USSR in her relations with the capitalistic world. For those who are familiar with M. Barbusse's writing this will hardly come as a surprise.

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the demands of the Central Powers, thus discarding the alternative plan of proclaiming a "Holy War". The former policy was advocated by Lenin from the very beginning, and it now won the support of its former bitter opponent, Trotsky. On February 23 the Soviet Government accepted the crushing terms of Germany as the only method of saving from immediate annihilation the stronghold of revolution — Bolshevist Russia. The Brest-Litovsk Peace, on terms imposed by Germany, was signed on March 3. It was believed at the time in Petrograd and in Moscow (the Government moved to Moscow on March 11) that the Treaty of Brest-Litovsk would prove just another scrap of paper. These expectations were not deceived, although the annulment of the Brest-Litovsk Treaty was brought about not by a Communist revolution in the Central Powers, as was anticipated in Russia, but by the military defeat of Germany. It was, indeed, provided for by the terms of the Armistice of November 11, 1918.

The signature of the Treaty of Brest-Litovsk not only saved the Soviet Government and the Third International from immediate destruction, but also provided it with an opportunity to proceed with an intensive campaign of revolutionary propaganda in Central Europe. The center of these activities was the Soviet Embassy in Berlin headed by the above-mentioned expert revolutionary, A. A. Joffe. The Soviet Ambassador has since claimed his share of credit for the overthrow of the German Imperial Government.[1] He was so active that on November 5 he was ordered to leave Berlin with his entire staff. Diplomatic relations with Germany were not resumed until 1922.

The Civil War

The negotiations of Brest-Litovsk and the short-lived mission of Joffe in Berlin were practically the only cases of direct contact between the Soviet Government and the outside world until the end of the Civil War in the autumn of 1920. As long as the Great Powers, believing in the near collapse of the Soviet rule, were supporting intervention and organizing the

[1] *Vestnik Zhizni*, No. 5, Moscow, 1919.

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blockade there was no possibility of any normal relations between the Soviet Union and foreign governments. This was the period of War Communism and firm belief in the approaching world revolution. The participation of the Soviet Government in the affairs of the world took the form of propaganda messages not infrequently broadcasted to the people of the various countries over the heads of their governments. The propaganda weapon was extensively used by the Soviet Government in its war with Poland in 1920. The avowed purpose of the Russian Communists was the forcible overthrow of the Polish Government and the establishment of the Soviet rule on Polish soil. Lenin admitted to Clara Zetkin that the failure of the Polish campaign was due to a mistaken political judgment: he and the Soviet Government put their hope in the Polish revolution which failed to materialize.

Eastern Policy

At the same time Moscow had embarked on an extensive program of revolutionary propaganda in Asia. The importance of revolutionary uprisings among the colonial and backward nations as a method of bringing about the breakdown of capitalism was one of Lenin's contributions to the Communist articles of faith. With the disillusionment regarding the prospects of an immediate revolution in Western Europe, revolutionary activities in the East acquired a particular importance. In September 1920 a Congress of Eastern Peoples was called in Baku. It was attended by hundreds of delegates from various eastern nations, including India, Persia, Turkey and Afghanistan. The congress was addressed by Zinoviev, president of the Komintern, and Radek, its secretary. Zinoviev's appeal for a "Holy War" against Western oppressors was enthusiastically received, but the tangible results of the congress were slight. It was officially described as "the first" congress, but it never met again. Revolution in Asia was as slow in coming as it was in Western Europe.

The policy advanced at the Baku conference found its practical expression in a note signed by Karakhan and sent to the Persian Government in June 1919. It canceled all Persian

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debts to the Russian Imperial Government, voided all Russian concessions, transferred to the Persian people the Russian Bank in Persia, railroads, electric-power stations, etc. Capitulations were also abolished. Karakhan urged Persia to obtain similar "compensations" from Great Britain. A similar attitude was adopted by the Soviets toward other Asiatic peoples.

The Beginning of the New Era

The end of the Civil War, the introduction of the New Economic Policy, and the growing recognition of the fact that the overthrow of the capitalistic system was much more remote than was imagined in 1918 and 1919, mark the beginning of a new era in Soviet foreign relations. The Soviet Government begins to appear on the stage of international diplomacy. The Anglo-Russian agreement was signed in March 1921, and by the end of that year the Soviet Union had resumed trade relations with a number of European countries. The blockade was definitely brought to an end.

The USSR presented an immense potential market for European and American exporters. Russia was in need of everything. The abandonment of the methods of War Communism was wrongly interpreted by the outside world as a first step in the direction of capitalism. This facilitated attempts to bring amout a *modus vivendi* between Russia and the rest of the world.

The first appearance of Soviet Russia at an important international conference took place in Genoa in April-May 1922. The prospects of a successful termination of the work of the conference were never too bright and were further complicated by the bombshell of the Rapallo Treaty signed by Germany and the Soviet representatives. The general attitude of the Russian delegation was such as to make the reaching of an understanding between them and the European Powers all but impossible. Genoa failed to accomplish its purpose and a new conference met at The Hague in June of the same year but with no more success.

The Soviet Government was again represented at the Lausanne conference, called in September 1922 to settle the

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Turkish problem. Its deliberations ended in a deadlock in January 1923, but were resumed later. On this occasion the Soviet Government showed a greater desire to collaborate, and, in July 1923, finally signed a convention providing for the demilitarization of the Dardanelles, although its provisions were not precisely gratifying to Moscow.

A great revival of revolutionary activities took place in Moscow in 1923 in connection with the disorganization in Germany brought about by the occupation of the Ruhr. It was confidently believed at the time by an influential section of the Russian Communist party that communism would triumph in Germany in the very near future. These hopes failed to materialize.

The disappointment with this new setback to the prospects of a general revolution in Europe largely determined the policies of the Soviet Union in the following years. After 1924, Moscow made definite efforts to improve its relations with other European countries and, broadly speaking, its efforts were crowned with a certain degree of success. Its subversive revolutionary activities were now chiefly transferred to the East, especially to the Far East and China.

In February 1924 Russia obtained *de jure* recognition by the British Government and by Italy; and in October, by France. Russian foreign relations, however, were still subject to grave and numerous disturbances, among which the raid on the Soviet Trade Delegation in Berlin in May 1924, and the "Zinoviev letter" which played so important a part in the British elections of the same year, attracted particular attention. The extreme care taken by the Soviet Government to deny the accusations made against it in connection with the "Zinoviev letter", which contained nothing that had not been proclaimed previously and openly on innumerable earlier occasions by the Komintern, is in itself a striking revelation of the new attitude of Moscow. One of the heaviest blows suffered by the Soviet policy during this period was the breach of Anglo-Soviet relations in May 1927. They were not resumed until October 1929.

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China

The attempt to improve the relations of the USSR with European countries did not mean the abandonment of the ultimate aim of communism, world revolution. It simply indicated the adoption of a new method of bringing about the same result. While making compromises and trying to allay suspicions in Europe, the Soviet Government, faithful to the teaching of Lenin, proceeded to attack capitalism in its weakest spot, its colonial and Asiatic possessions.

China, that traditional stronghold of world imperialism, seemed to offer revolutionary propaganda the elements which might set the whole East ablaze. The conditions already existing in China presented a particularly suitable field for the subversive activities of the Russian Communists. The Soviet envoy to China, Karakhan, worked there in accordance with the plans of Moscow and with considerable success. In September 1923, Michael Borodin came to Canton and soon became an important factor in Chinese politics. Russia spared no effort and no money to create a Soviet Republic in China. It looked for a time as if she were to get her reward. But the Communist revolution in China proved as abortive as it did in Western Europe. In the summer of 1927 Borodin returned to Russia without having succeeded in fulfilling his ultimate purpose. The East refused, at least for the time being, to follow the lead of Moscow.

The Recent Phase

This was a new and severe blow. The prospects of the world revolution in both East and West were dimmer than ever, yet the Soviet Union was anything but willing to abandon its struggle for the great ideal. It was about this time that Stalin and his theory of "socialism in one country" won a final victory over the Opposition of the Left. As long as a complete Communist system could be built in a capitalistic environment, there was no reason to despair of the ultimate triumph. On the contrary, it was logically inevitable in a capitalistic world greatly weakened by the innumerable economic and social contradictions of the postwar period. The

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important thing now was to safeguard the USSR from any possible aggression from the outside and to use the technical knowledge and the resources of the capitalistic countries for speeding up the tempo of socialist reconstruction.

This new position taken by the Soviet Government found its practical expression, on the one hand, in the Five Year Plan for industrialization and the development of economic relations with foreign countries, and on the other, in steady efforts to prove to the world the peaceful intentions of the Communist rulers of Russia.

In accordance with the general views of Lenin on the rôle of the backward nations in bringing about the downfall of capitalism, the Asiatic neighbors of Russia, except China and Japan, had, at an earlier date, already been granted preferential treatment in matters of trade, and had signed a number of non-aggression pacts with the Soviet Government. This policy had now been extended to the border states on the western frontier of the Union. Negotiations for the signature of a non-aggression pact with Poland were begun in August 1926, but were interrupted by the murder of the Soviet envoy to Poland, Voikov, in June 1927. Similar negotiations were opened with Latvia, Esthonia and Finland, but without much success at the time. They were resumed at a later date, and resulted in the signature on February 9, 1929 of the Litvinov non-aggression protocol. The USSR, Esthonia, Latvia, Poland and Rumania were parties to this agreement and were later joined by Turkey and Persia.

An impressive exhibition of the new attitude of the Soviet Union toward the capitalistic world was given by the Soviet delegation to the World Economic Conference which met in Geneva in 1927. Here the official thesis of the necessity of coöperation between the capitalistic and the socialist systems was solemnly proclaimed.

Even more spectacular, if perhaps somewhat tactless, was the program of disarmament outlined by M. Litvinov in November 1927 at the League's Preparatory Commission on Disarmament in Geneva. Litvinov demanded, it will be remembered, an "immediate, complete and general disarmament" which

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was to be accomplished within the period of one year. Although of little practical value, this program served the purposes of announcing to the world the absence of aggressive intentions on the part of the Soviets.

The Soviet Union also appended its signature to the so-called Briand-Kellogg Pact, although it made no secret that it doubted the effectiveness of this document as an instrument for preventing war. The official reason given for the action of Moscow was its desire to deprive the "anti-Soviet bloc" of any pretext for attacking the socialist state.

The seizure of the Chinese Eastern Railway by Chang Hsueh-liang on July 10, 1929, after a raid upon the Soviet consulate in Harbin, created an extremely tense situation. The provocation was grave. The Briand-Kellogg Pact was invoked but, after some exhibition of military force, the question was settled by direct negotiations between Moscow and Mukden; and the Chinese Eastern Railway returned to a régime of mixed Russo-Chinese management.

The acute economic depression from which the entire world has been suffering for the last three years, accompanied, as it has been, by unemployment on an unprecedented scale, the reduction of wages and a lowering of the standards of living, creates, no doubt, exceptionally favorable conditions for the spreading of Communist propaganda. It would seem, however, that the Soviet Government finds little satisfaction in the difficulties which have befallen the capitalistic world. They menace the market for those Soviet exports which are an essential element in providing the funds necessary for paying for imported machinery—an important factor in the Five Year Plan. The Soviet point of view was admirably stated by M. Litvinov in his address to the Commission of Inquiry for European Union on May 18, 1931. His pronouncement was remarkable not only by reason of its contents, but also because of its form, which was sober and business-like and displayed a complete absence of those offensive and provocative remarks in which he used to indulge in the past.

While pointing to the influence for good which the Soviet

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> Union's foreign trade had on the present world crisis [said Litvinov], I am far from desirous of creating the impression that there is a harmony of interest between the two systems—the capitalistic and the Soviet—now existing in Europe. The difficulties between these two systems exist and will continue to exist. These two systems are struggling and will continue to struggle against each other from the very nature of their existence and development. The question is whether this struggle and development will be allowed to follow a natural process or whether both systems will have recourse from day to day to mutually hostile measures which can have no decisive influence on the outcome of the struggle, but will turn out to be two-edged weapons. . . . It would be naïve to expect capitalist states consciously and impartially to assist in the setting up of socialism in the Soviet Union, or the latter consciously to further the strengthening of the capitalist system. The question can only be one of economic agreements in dealings between the capitalist countries and the Soviet Union, mutually advantageous for all parties concerned, and for which there is ample scope. I am leaving aside for the moment the possibility of military attack on the Soviet Union and have in view a peaceful period of given duration.[1]

The preambles of the draft protocol offered by Litvinov may be worth quoting in full. They are as follows:

> The representatives of the undersigned countries recognize that: (a) The mitigation of the crisis which has overtaken the national economy of most countries requires, in addition to abstention from war as a measure for the solution of international conflicts, the complete cessation of all forms of economic aggression, both avowed and concealed, by any countries or groups of countries, against any other countries or groups of countries; (b) The cessation of economic aggression is an essential condition for the peaceful coöperation of states in the sphere of economics, irrespective of their political-economic systems; (c) The cessation of economic aggression would help to put an end to the present atmosphere of mistrust, uncertainty and alarm, weighing so heavily upon the economic position.

[1] League of Nations, *Commission of Inquiry for European Union*, Geneva, 1931, p. 34.

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Whatever one may think of the practical value of the draft protocol suggested by Litvinov, it is impossible to deny that it gives a concise expression of that policy which the Soviet Government has worked out in the course of the last four or five years. That this is a reasoned policy which Moscow is determined to carry out in practice has been clearly demonstrated by its attitude, so far of complete aloofness, in the present Manchurian crisis. It is dictated not only by the bitter experiences of Imperial Russia in the Russo-Japanese war of 1904-1905, but also by the logic of the international political and economic situation. As Litvinov pointed out in his address in Geneva, the antagonism between capitalism and socialism has not been eliminated. The overthrow of capitalism is still the ultimate purpose of Russian Communists. But they base their hopes at the present time not so much on fostering discontent in foreign countries, as on the success of the socialist experiment within their own borders.

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VALORIZATION IN THE MINERAL INDUSTRY[1]

USING the word valorization in its strict sense as the regulating of prices of commodities through some government agency, a discussion of it as applied to minerals would be brief, since except for government price-fixing activities during the Great War, what is just now being done as regards tin, and the unusual relation that the governments of Spain and Italy bear to quicksilver, I can think of no instance of government intervention in regard to market prices of mineral commodities.

Speaking in the broader sense of any concerted attempt to attain stability of prices, valorization is merely a new word for an old concept in the mineral world. Without attempting to trace it to its origin, one at once recalls that as long ago as the middle of the last century the Associated Smelters of Swansea, Wales, felt that they were in a position to dominate the world's copper market. Looking back at them now, we may think their knowledge of the fundamental principles of the metallurgical art slight and their processes extremely crude; but at the time they stood out above the rest of the metallurgical world much as Athens once stood out as an intellectual center. Crude materials came to them from all over the world for treatment, and they were enabled by their dominating position as producers of refined copper to make its price. This condition did not long endure. Most people would probably say it was because simultaneously with advancing the price of refined copper they also exerted every effort to pay as little as possible for crude products, but I think there was more to it than that. The methods they used in fixing the deductions (for moisture content and impurities) to be made from the value of what they bought seemed arbitrary and unfair to those who bore the burden of them and alienated their goodwill. The smelters' attempts to prevent anyone else from gaining a knowledge of their methods and processes surrounded them with a wall of secrecy, thus pre-

[1] Presented before a general conference at the Williamstown Institute of Politics, August 21, 1931.

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venting them from securing the benefit of any new ideas that were developing outside. This circumstance seems even more important in bringing about their downfall. It is quite significant that as copper production and refining gradually developed in America operators deliberately adopted a policy of complete frankness in the interchange of technical information. The result is that now not only do we produce about half of the world's supply of refined copper, but about half of the metal produced in the rest of the world also comes here for final treatment, to so high a degree has our technique been perfected. Another basic reason for the change was that it was not really good business to send copper-bearing material from, say, Montana to Wales for treatment, because the transportation charges which low-grade material had to bear were uneconomic. It was inevitable that smelters would eventually be constructed near the mines, though if producers had felt more kindly toward the Welsh smelters that development might have been longer delayed.

In 1887 a different method was employed to try to control the price of copper. Under the leadership of M. Secretan, some sixteen coöperators were secured to underwrite a syndicate of 13½ million dollars capital that proposed to buy all the copper produced and constitute itself a dominating selling agency. Eventually they secured the adherence of the producers of about seven-eighths of the world's supply of copper and they were able to advance its price from 11 cents per pound to 17¾ cents in a single month. The reaction soon followed: consumers reduced their purchases to a minimum in resentment of the control to which they were being subjected, and also an amazing quantity of old copper was brought out and put to use. The syndicate at one time owed the second largest bank of France a sum that was three times its capital resources, and when it smashed it was holding 175,000 tons of metal, or two-thirds of a year's world production at that time. By spreading the marketing of this supply of metal over four years the price was prevented from going so low as to ruin producers, but the price remained low for six years.

Again in 1899 the principal producing organization in this

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country felt strong enough to put up the price from 12 cents, which it had averaged the preceding year, to 17 cents. By the end of 1901 the company, which was expanding its activities, controlled either directly or through its subsidiaries about one-fifth of the world's output of copper but it also had in stock about one-fifth of a year's world supply. The high price had stimulated production and other sellers sailed along in the lee of the group that set the price, leaving them to carry the metal that buyers would not take. In order to unload the accumulated stock their central selling agency started periodic price cutting that, when the market had gone down to between 13 and 12 cents, forced the other producers to come to their aid by buying the remaining stock and holding it off the market until it could gradually be disposed of.

Without delaying to discuss more recent attempts to control the price of copper, that have all proved ineffective[1]—chiefly, I think, because they did not protect consumers from unduly high prices nor guard against the resulting increase of output—let me indicate what seem to be the critical factors. It may seem odd that although engineers can control the speed of a mechanism so precisely that it can be used to operate a clock, they seem ineffective in controlling the production and price of commodities. The reason, of course, is that the governor on an engine is so constructed that the slightest change in speed operates to produce a corresponding change in the impelling force, thus keeping it steady. In trade the relation is quite different and the forces set into action by a price change commonly operate to derange it further instead of to steady it.

In the copper industry, for example, when the price advances consumers begin to cover their requirements for a longer period in advance, thus producing an apparent but fictitious increase in the demand for the metal. Thus prices advance faster than they should and stimulate production much more than they should. The response of production is delayed, for

[1] During 1931 the price of copper reached its lowest level in history, and averaged for the year less than half the 1929 average. The efforts of producers are now directed toward curtailing production in order to prevent further accumulation of stocks which are now too large.

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copper is typically three months in process from the mine to the consumer, while to open a new mine under modern conditions takes a year or more. Nor are these production changes easily controlled; in one of our big mines it takes two years to cave a block of ground and once it is well started it is not practicable to stop it. For this and similar reasons, when prices advance the mining companies go too fast and too far in responding to the increased demand that has caused the price increase. When prices fall consumers buy only enough to cover minimum current needs, fictitiously deflating the demand, while the output of producers cannot quickly and easily be checked to steady prices. These and the other inherent difficulties in putting a governor on the price have so far defied the efforts of those in the copper industry.

In spite of what has been said we do have in the mineral industry some examples of the steady maintenance of prices at a fair level. The best example is probably zinc oxide, which is mostly used by manufacturers of paint and rubber. A few important producers maintain sufficient production capacity to meet temporary increases in demand, and an effective governor is provided through their being far-sighted enough not to advance the price when the demand is large. The price thus remains at a level where only a large well-managed plant can operate at a profit and the small temporary producers that are the bane of some other industries have no incentive to enter the business and become a disturbing factor. Customers are pleased, for their major concern is to ensure that their competitors do not buy supplies at lower prices than they do, rather than to buy cheaply themselves, and with the price of their raw material stabilized they can devote their attention to their proper business, their own manufacturing and selling costs.

Sulphur is another example. Operating under the sanction of the Webb-Pomerene Act the American producers have stabilized the price at which they will sell in foreign trade at a level on which well-situated foreign producers can compete but which furnishes no opportunity for the temporary profit-grabber. This reacts to stabilize the domestic price, while the

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large stocks ready for immediate shipment which the producers carry make them able to respond to sharp advances in demand without raising their prices. Here again only a large enterprise can operate at a profit, and there is also a safeguard against a price that is too high, for pyrite is a competitive material that already has a fair market and could gain a larger one if the price of sulphur advanced too much.

Aluminum and nickel are two other examples of mineral commodities in which a reasonable stabilization of prices has been attained. Here also the number of producers is small, a plant that can operate at a profit has to be large, and the producers are strong enough to meet a slackening in demand without price-cutting. They are also intelligent enough not to take advantage of increased demand to push the price higher. This self-restraint may be derived from a general policy of stimulating the growth of consumption.

To discuss valorization in the iron and steel industry in any adequate way would require too much space, for a great variety of things sold would need to be individually considered. Iron ore and pig iron may be cited to show how different conditions produce markedly different results. Practically all our iron ore is of domestic origin, and seven-eighths of it is produced in the Lake Superior region. It is sold on the basis of a price for standard grades that is changed only once a year and did not change at all in the four years 1925-1928. Most of the ore-producing companies are affiliated in some way with the buying companies and the relatively small quantity of what might be called "free ore" benefits from the stabilization of the inter-company price, even though full advantage of it cannot always be taken.

All the ore is sold (to an affiliated company, at least) but only a fractional part of the pig iron made from ore is sold, most of it being made directly into steel in the plant where it was produced. Enough of it is sold, however, to establish a keenly competitive market and the price of pig iron, or rather a composite price deduced from the different prices for the different grades, is so generally used as a factor in constructing indices of the trend of prices that nothing more need be said

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about it here. During the years 1925-1928 the price of iron ore remained unchanged, but the price of pig iron in 1925 alone ranged from a composite of $22.50 per ton in February to $18.96 in July and back to $21.54 for December. Charts showing the fluctuation of pig-iron prices are easily available and plotting ore prices on the same charts would show clearly the stability of the latter and the instability of the former. The condition of pig-iron prices would be even worse were it not that the steel-making companies habitually shut down their pig-iron furnaces when the demand for steel slacks off, instead of continuing to operate them and dumping their product on the pig-iron market.

Diamonds (jewels) represent a mineral that is available in abundant enough supply so that competition leading to a price war would reduce the selling price but not produce any increase of demand; in fact, people would probably buy much less freely if they believed it likely that prices would later be lower. The effective valorization maintained for diamonds seems to have its basis in the fact that there is a central selling agency and the intercompany relations are such that two men can set the sales policy for seven-eighths of the world's output. Production has recently been reduced in accordance with general world conditions, and it is thought that perhaps some further reduction may be necessary.[1]

Mercury, or quicksilver, as it is commonly known in trade, exhibits a peculiar price situation. The deposits in Spain that are the lowest-cost producers and have the largest reserves have been owned by the government for centuries, and the marketing of the output was long handled by the Rothschild family under a series of ten-year contracts. The other principal producing region is in Italy, and the mines were taken over by the government in the Great War. As the two governments control eighty per cent of the world's total and in 1928 a cartel was established to sell their combined output, it is hardly necessary to add that the price of the metal in international trade is maintained at as high a level as can be

[1] Early in April, 1932, it was reported that it had been decided to close the African mines (which produce most of the total output) for two years.

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reached without curtailing consumption; the price in 1929 being about three times that of 1921. After the war producers in this country were much concerned over the alleged necessity for an increased tariff to protect the domestic industry from the destructive powers of foreign government monopoly. The present tariff is about 25 cents per pound and although we typically produce little more than half our own needs the domestic price has seldom equaled the level of the foreign price plus the duty; sometimes it has even been below the international price.

I have said nothing of the various cartels that have, widely and usually ineffectively, been employed in Europe as a means of stabilization of mineral prices, because cartels have often been discussed, and in their application to mineral substances they exhibit the same inherent difficulties as for other commodities. The month of July, 1931, saw a failure to create an international cartel for nitrates, due to failure to secure full coöperation of the German producers. Nor have I said anything of the fruitless attempts to stabilize conditions in the coal and petroleum industries, for the general conditions are well known.

Tin is the one outstanding example of valorization through the intervention of governments, acting in coöperation, but valorization has been in effect too short a time to venture any opinion as to how successful it is likely to be. A few years ago people were generally concerned over the apparently limited world resources of tin and in 1926 and 1927 the average London price reached a level that was nearly double that of the prewar years. Since then the price has steadily declined and the average for 1930 was about half of that of 1926-1927 and lower than any previous year since 1909. The basic reason for this seems to be that world production in 1929 was a third larger than in 1926 and had increased faster than demand. After long discussion over possible means of curtailing production without turning the market over to producers who would not curtail, it was decided that since none of the countries that produce the metal consume appreciable quantities of it, and it therefore all passes customs barriers,

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an attempt would be made to get the governments concerned to agree on the quantities they would permit to be exported. This difficult task was accomplished early in 1931, the aim being to reduce the quantity marketed that year by about twenty per cent as compared with 1929. The only data we yet have on the success of the scheme would indicate that on July 1, 1931, visible stocks had increased twenty-six per cent as compared with July 1, 1930. This apparently was in part the result of accumulation of stocks while producers were trying to get out as much as possible before restriction went into effect, and in part the consequence of a continued drop in consumption. The quota first set has been reduced but it is as yet too early to see effects in stock. If the governments will adhere to their covenants and consumers do not reduce their takings too much, it would seem that the project should eventually succeed unless it is utilized to force the price of tin to unduly high levels, when the various substitutes for tin will come to the rescue of the consumer.[1]

My conclusion is that where natural conditions permit it is perfectly feasible to maintain a stable price for mineral commodities at a level which consumers regard as fair and reasonable. Attempts to maintain prices at too high a level invariably fail, for they set destructive forces into action. In some mineral industries the competitive conditions, usually resulting from an abundant supply, are such that attempts to obtain even just and reasonable prices have so far been ineffective. Whether valorization can succeed in any given case seems to depend on the general conditions governing that commodity rather than on the features of any specific plan.

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[1] Between the time of first writing and April 1, 1932, three more reductions in the quota production rate have been made, bringing it down to a little more than half the 1930 output. A pool formed to buy metal, and take it off the market, has in its hands nearly half the stocks, which have not declined since July 1, 1931. The price now is a little below the 1931 average level. Thus the valorization plan seems to have checked what would otherwise have been a disastrous price break, but has not succeeded in reducing metal stocks, which are about three times the quantity estimated as normal.

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THIRTY YEARS OF THE PEOPLE'S RULE IN OREGON: AN ANALYSIS

THIRTY years ago Oregon was on the threshold of important governmental changes. For some time considerable agitation had been carried on in favor of devices which would place in the hands of the voters a greater power to control legislation. It was in 1902 that the electorate, by an overwhelming majority, adopted the initiative and referendum amendment to the constitution of the state. This opened the door to the people to participate, positively and negatively, in the making of laws.

Under the provisions of this amendment, any measure or constitutional amendment may be proposed by eight per cent of the voters as determined by the number of votes cast for justice of the supreme court at the preceding general election. As a rule, individuals or groups draw up proposed legislation, submit it to the proper authorities for title and petition and then secure the required number of signers. At the next election the proposal is voted on by the people of the state. To invoke the referendum, on the other hand, requires only five per cent of the above-mentioned number of voters of the state. All measures passed by the legislature, except those with emergency clause, are subject to this device. In addition, the legislature may refer amendments or measures to the people.

Many things are claimed, and much was expected, of these features of the "Oregon System". Among other things, the proponents claimed that it would encourage "every citizen however humble his position to study the problems of government, city, and state, and to submit whatever solution he may evolve for the consideration and approval of others." It was believed that the legislature was getting away from the people; it was claimed that the representatives continually failed to respond to the demand of the people for legislation which would promote the general welfare rather than special interests. These devices were held forth as the panacea that would go far in remedying the evils found in a representative democracy.

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The opponents denied all these claims. They said the people were not interested enough to study the various proposals which would be laid before them for decision. Others went further and said that legislation was a technical matter and, even if interested, the average voter would not have at hand the facts necessary for an intelligent decision. They feared that special groups would be given a powerful means of placing proposals before the public. It would, likewise, they said, put the minority at the mercy of the majority.

The *a priori* arguments advanced for and against these devices of direct democracy can, in a measure, be tested by the light of thirty years experience with them. Since the adoption of direct legislation, there has always been an abundance of propositions submitted to the people for decision. The number and nature of these proposals varies from year to year, as the following table shows.

TABLE I[1]

PROPOSALS PLACED BEFORE VOTERS

Year	*Constitutional Amendments submitted by*		*Measures submitted by*		*Measures referred by Petition of People*	*Total*
	Initiative	*Legislature*	*Initiative*	*Legislature*		
1902 . . .	.	1	.	.	.	1
1904 . . .	1	.	2	.	.	3
1906 . . .	5	.	5	.	1	11
1908 . . .	6	4	5	.	4	19
1910 . . .	7	4	18	2	1	32
1912 . . .	8	6	20	.	3	37
1914 . . .	11	8	8	2	.	29
1916 . . .	6	3	2	.	.	11
1918 . . .	.	1	3	1	2	7
1920 . . .	5	2	3	.	1	11
1922 . . .	3	2	1	.	.	6
1924 . . .	1	3	3	.	.	7
1926 . . .	.	8	5	3	3	19
1928 . . .	1	.	7	.	.	8
1930 . . .	4	7	.	.	2	13
Total . .	58	49	82	8	17	214

[1] The data in these tables were compiled from the official sources as published by the secretary of state. Every effort was made to avoid errors; minor mistakes would not affect the issues.

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In addition to the above, seven special elections have been held. Forty-eight proposals have been submitted at these elections. Of these, 27 were constitutional amendments and 13 were measures, all being submitted to the people by the legislature. And last, eight measures, which had passed the legislature, were ordered referred by petition of the people.

As far as content is concerned, there is frequently not much difference between proposed constitutional amendments and suggested measures. The income tax, for instance, has been advanced as both constitutional amendment and statute. The same thing is true of compulsory vaccination and the closing of the Rogue River to commercial fishermen. To a considerable degree, direct legislation has had the effect of wiping out differences between constitutional provisions and ordinary legislation. Under the initiative, the group or individual sponsoring legislation, plus the required eight per cent of legal voters, decides whether the proposal should be advanced as constitutional amendment or measure.

The voter of Oregon, judging from the record, considers himself more competent to vote on men than on measures. Table II (page 245) gives the number of registered voters, the number who voted for the several candidates, and both high and low vote on men and measures.

A perusal of Table II shows that approximately 75 per cent of the registered voters appear at the polls; 49 to 63 per cent of the voters indicate a choice on the various propositions submitted to them, whereas 61 to 73 per cent indicate a choice on the candidates for the contested offices.[1] In the special elections, a much lower proportion of the voters participated.

Almost 25 per cent of the registered voters are not interested enough in governmental affairs to exercise their franchise privileges. An even larger number fail to vote on the proposals before them. The following tables consider only those who appeared at the polls and voted either "yes" or "no" or failed to vote. The registered voters who did not appear at the polls are not considered in the following calculations. (See Table III, page 246.)

[1] Excluding Congressmen and Justices of the Supreme Court.

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TABLE II

THE VOTE ON MEN AND MEASURES

Year	Number of Registered Voters	Number of Ballots Cast	Vote on Measures		Vote on Men	
			Highest	Lowest	Highest	Lowest
1902	92,920[1]	92,920	67,692	67,692	88,704	82,838
1904	99,315[1]	99,315	83,514	59,365	93,906	84,569
1906	99,445[1]	99,445	83,977	64,413	96,715	80,132
1908	122,095	116,614	95,528	70,726	112,364	98,617
1910	122,742	120,248	106,215	73,321	117,690	84,308
1912	159,888	144,113	118,369	97,702	137,040	118,348
1914	304,730	259,868	237,204	173,787	248,052	209,356
1916	293,007	269,057	226,572	183,567	261,650	217,419
1918	315,410	157,964	116,005	91,889	152,987	130,847
1920	364,469	247,899	192,861	158,970	238,522	182,510
1922	333,055	241,267	219,191	140,391	232,556	190,609
1924	374,857	279,488	248,921	197,998	279,488	244,012
1926	359,236	233,384	182,405	136,947	225,943	190,464
1928	436,180	328,312	272,467	230,453	319,942	260,288
1930	420,127	253,779	210,496	162,291	248,793	206,941
Percentage	100	75.5	63.2	48.9	73.2	61.1
		Special Elections				
1913	159,888	102,276	97,259	92,238		
1917	302,679	148,366	141,119	109,632		
1919	289,890	90,877	86,125	78,911		
1920	364,469	171,592	149,856	109,077		
1921	316,846	130,466	126,085	108,158		
1923	333,055	117,707	116,778	116,778		
1927	359,236[2]	124,956	115,784	98,922		
Percentage	100	41.7	38.5	32.9		

On an average, over 27 per cent of the voters appearing at the polls fail to indicate a choice on the initiative and referendum measures placed before them. Table III also shows the per cent not voting on the most and least popular proposals. In each case this varies from year to year. An average of over 16 per cent fail to vote on most popular proposals, whereas over 36 per cent fail to vote on least popular proposals. This has serious connotations. It is a tacit admission on the part

[1] Figures not available for the first three elections. Total number of ballots cast was substituted.

[2] For the years 1913, 1920, 1923 and 1927, the registration of the previous year is given.

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TABLE III

THE VOTE ON MEASURES

(expressed in percentages of total number of ballots cast at each election)

Year	Number of Measures	Average Per Cent Voting		Average Per Cent Not Voting	Extreme Percentages Not Voting	
		Yes	No		Low	High
1902	1	66.7	6.1	27.2		
1904	3	48.6	23.7	27.7	15.9	40.2
1906	11	50.9	23.6	25.5	15.7	35.3
1908	19	38.9	35.4	25.7	15.3	39.3
1910	32	28.0	42.8	29.2	11.6	39.0
1912	37	32.7	41.5	25.8	17.8	32.2
1914	29	26.5	46.3	27.2	8.7	33.1
1916	11	38.4	37.0	24.6	15.7	31.8
1918	7	31.9	32.8	35.3	26.6	41.8
1920	11	25.8	46.4	27.8	22.2	35.9
1922	6	32.3	38.3	29.4	9.1	41.8
1924	7	41.5	38.3	20.2	10.9	29.2
1926	19	33.7	27.8	28.5	21.9	41.8
1928	8	27.0	47.6	25.8	17.0	29.6
1930	13	31.5	42.2	26.3	17.0	36.1
	214	32.56	39.93	27.02	16.1	36.22

of the voters that they do not consider themselves competent to vote on the various proposals, hence the large number of unmarked or partially unmarked ballots. On some proposals, over 40 per cent of the voters fail to indicate a choice.

Possibly the voters themselves are not entirely at fault. Too many proposals are submitted for decision; and, of these, many are complex and highly technical, too intricate for decision by the average voter. It is not difficult to show that many proposals confuse and confound the voter. For example, in 1910, the voters faced 32 ballot titles, of which number the following was the most formidable: "Extending initiative and referendum, making term of members of legislature six years, increasing salaries, requiring proportional representation in legislature, election of president of senate and speaker of house outside of members, etc." The table below gives, for each of the years cited, proposals that polled the highest and lowest percentages of the vote cast and highest and lowest percentages of electors not voting.

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TABLE IV

HIGH AND LOW VOTE ON PROPOSALS

(*expressed in percentages of total number of ballots cast at each election*)

		Voting	*Not Voting*	*Difference*
1904	Local option liquor law	84.1	15.9	
	Office of State Printer	59.8	40.2	24.3
1908	Equal suffrage	84.7	15.3	
	Creating Hood River County	60.7	39.3	24.0
1912	Woman suffrage	82.2	17.8	
	Creating Cascade County	67.8	32.2	14.4
1916	Permitting manufacture of 4% liquor	84.3	15.7	
	Statewide tax and indebtedness limitation	68.2	31.8	16.1
1922	Compulsory education	90.9	9.1	
	Permit Linn & Benton Co. to pay warrants	58.2	41.8	32.7
1926	Water and power development	78.1	21.9	
	Klamath & Clackamas County bonding	58.2	41.8	19.9
1930	Anti-cigarette amendment	83.0	17.0	
	Filling legislative vacancies	63.9	36.1	19.1

The figures show that the simpler the question submitted, the larger the vote polled; witness the vote on questions of prohibition, woman suffrage, compulsory education and the anti-cigarette amendment. On the other hand, questions of creating additional counties, of indebtedness limitation, and of filling legislative vacancies polled a much smaller vote, with a much larger per cent not voting, indicating the relative complexity or technicality of these subjects as viewed by the voters. On matters which come into the purview of their experience and which can be answered by a "yes" or "no" vote, the judgment of the electorate is usually sound. Unfortunately, not many proposals fall within this category.

The large per cent not voting arises from the fact that many proposals are submitted upon which a public opinion does not exist among the voters. Time and again, questions of this nature are submitted, to be accepted or rejected by a small vote. Two instances are given below.

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TABLE V

VOTES INDICATING LACK OF PUBLIC OPINION

(expressed in percentages of total number of ballots cast at each election)

	Yes	*No*	*Not Voting*
Closing Rogue River			
1910	27.8	41.3	30.9
1918	28.8	31.8	39.4
1928	24.1	47.5	29.8
1930	38.1	39.2	22.7
Income Tax			
1912	36.6	36.7	26.7
1922	22.7	46.5	30.8
1923[1]	49.8	49.5	.8
1924 (repeal)	44.3	39.7	16.0
1926	36.0	40.3	23.7
1927[1]	39.0	53.7	7.3
1928	36.2	40.5	23.3
1930	41.5	37.5	21.0

On these two measures, and others could be cited, it is clear that there was no preponderant public opinion. A perusal of the table shows that in most instances a considerable percentage did not vote; of those who did vote, there was often not much difference between the pros and cons. In some cases, the decision might as well have been made by lot.

There are some proposals presented upon which the public does have an opinion. An example of this follows.

TABLE VI

VOTES INDICATING OPINION

(expressed in percentages of total number of ballots cast at each election)

Single tax	*Yes*	*No*	*Not voting*
1908	27.5	52.2	20.3
1912	21.9	56.9	21.2
1914	25.2	52.4	22.4
1916	16.1	57.6	26.3
1920	15.0	59.5	25.5
1922	16.3	54.7	29.0

[1] Special elections.

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In spite of the large percentage who did not vote, an absolute majority in all cases was against the single tax or modifications of it. Whether this opposition was based on rational grounds is, of course, impossible to say. Traditional attitude may have been responsible for it; still, it constitutes an opinion. It seems to the writer that at least a majority vote is necessary to show any measure of opinion upon a question. Even with a majority vote it may be doubtful in some cases whether there is a really substantial public opinion regarding the proposal.

During the thirty years that the initiative and referendum have been in effect in Oregon, a large number of proposals have been adopted — or rejected — without a preponderant public opinion either for or against them. The table below gives figures for this period of time.

TABLE VII

LACK OF PREPONDERANT PUBLIC OPINION

(*regular elections*)

	Number	*Per Cent*
Proposals submitted (1902–1930).	214	100.
Proposals adopted or rejected by minority .	146	68.2
Proposals adopted or rejected by majority .	68	31.8

The adoption of constitutional amendments or enactment of measures without public opinion backing them is oftentimes responsible for disobedience and disrespect of law. And no sooner is a proposal accepted—or rejected—than a movement is started to undo the result of the previous election. This tends still further to confuse the voter. It is the judgment of the writer that no amendment or measure should be adopted unless an absolute majority of voters favor the proposition. This would decrease the number of measures upon the ballot; it would discourage those groups and individuals who have faith in mere law to cure the evils of society.

In the previous tables, the inference has been that all those who voted either for or against a measure had an opinion on that proposition. It is possible to show that this is not always the case by comparing the vote cast on conflicting or on similar

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proposals. In instances of this kind, one would expect the pro-and-con vote to be substantially the same. Any variation would indicate blind voting and guessing. The table below shows the extent of this variation.

TABLE VIII

BLIND VOTING

		Yes	*No*	*Total Voting*
1914	Omitting "taxes be equal and uniform"	59,266	116,490	175,696
	Changing rule of uniformity.	52,362	112,704	165,066
	Difference—number guessing. .	. . .	. . .	*10,630—6%*
1926	Motor Bus and Truck Bill	99,746	78,685	178,431
	Bus and Truck Operating License . .	76,164	94,533	170,697
	Difference—number guessing. .	. . .	. . .	*7,734—4.33%*
1930	Motor Vehicle Amendment No. 1 . .	71,557	115,480	187,037
	Motor Vehicle Amendment No. 2 . .	63,683	111,441	175,124
	Difference—number guessing. .	. . .	. . .	*11,913—6.03%*

In the first and last instance cited, the propositions involved changes in the constitution which had to be submitted as separate items. If a voter favored one, he ought logically to have voted for the other and vice versa. The adoption of either amendment would not have been sufficient to bring about the desired changes. In the other instance cited, two conflicting proposals were presented. If a voter favored one, he ought to have opposed the other. In all cases, the inconsistency of the voter is shown by the difference in the total vote polled on the proposals. This is substantially 6 per cent. Obviously this is a minimum estimate, because it includes only those who revealed their ignorance by voting on only one of a pair of logically inseparable proposals. Moreover, it does not take account of the blind votes which may have canceled out in the totals; nor does it include those more conscientious but equally uninformed guessers who may have voted on both proposals in each pair. In any event, there is considerable guessing on all proposals placed before the voters.

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It is interesting to note that the elector, when in doubt, votes "no" more frequently than "yes". This tendency is illustrated in the table below.

TABLE IX

TENDENCY TO VOTE "NO"

		Yes	No
1914	Omitting "taxes be equal and uniform"	59206	116490
	Changing rule of uniformity	52362	112704
		6844	3786
1930	Motor Vehicle Amendment No. 1	71557	115480
	Motor Vehicle Amendment No. 2	63683	111441
		7874	4039

As has been stated before, the above identical propositions involved changes in the constitution which had to be submitted as separate items. The inconsistency of the electors is shown by the difference in the affirmative and negative totals polled on the two proposals. It is at once noted that the voter is less inconsistent when voting "no" than when voting "yes". This indicates that the elector, when in doubt, is inclined to vote "no". The figures show substantially half the inconsistency on negative vote as compared with the affirmative vote. The inference is that when in doubt, two voters in Oregon vote "no" to every one that votes "yes".

There is other evidence to show that there is a tendency, when in doubt, to continue the status quo.

TABLE X

TENDENCY TO CONTINUE STATUS QUO

(regular elections)

Number of proposals submitted	214
Number adopted	79
Number rejected	135

The two foregoing tables indicate that the voter hesitates to accept new proposals. They show that he has accepted the advice, "When in doubt, vote NO."

Under present conditions, the minority frequently decides upon matters placed before the voters. Below are cited instances showing the power of the minority in recent elections.

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TABLE XI

POWER OF MINORITY

		Not Voting[1]	Majority	
			For	Against
	Constitutional Amendments			
1910	Power to regulate taxes	33,950	2,044	. .
	City to regulate liquor traffic	16,148	2,542	. .
	Repealing requirement that taxes be equal and uniform.	43,457	. .	2,553
	Permitting three-fourths verdicts in civil cases.	36,311	5,139	. .
1912	Income tax	38,553	. .	246
	Permitting classification for taxation.	37,586	. .	2,434
	Woman suffrage	25,744	4,161	. .
	Divorce of local and state taxation	35,590	. .	4,819
1930	Lieutenant-Governor amendment.	65,759	. .	2,570
	Bonus loan	59,392	. .	9,183
	Filling legislative vacancies	91,488	9,381	. .
	Repeal—irrigation and drainage interest	82,826	21,169	. .
	Measures			
1904	Local option liquor law	16,801	3,118	. .
1906	Amendment to local option liquor law.	19,004	. .	9,847
1908	Increasing appropriations—University of Oregon.	31,964	3,580	. .
1910	Voters to express choice in selecting delegates.	35,271	1,728	. .
1912	County bonding and road construction.	42,064	. .	7,014
1914	Normal School at Weston.	67,073	. .	17,895
1916	Anti-compulsory vaccination.	69,193	. .	374
1918	Closing Rogue River	62,226	. .	4,716
1920	Portland Dock Commission consolidation.	82,576	. .	4,337
1922	Compulsory education	22,066	11,821	. .
1924	Income tax repeal	44,634	12,744	. .
1926	Income tax	55,298	. .	10,006
1928	Income tax	76,653	. .	14,256
1930	Rogue River fishing bill.	56,693	. .	2,894

As has been stated before, over two-thirds of all proposals submitted are adopted or rejected by a minority vote. As the examples in the above table show, a very small proportion of voters may be responsible for the verdict. This places too much power in the hands of small groups. A belligerent and well-organized minority may often play the decisive rôle. Amendments and measures are adopted one year, only to be

[1] The figures in this column indicate the number of voters who appeared at the polls but failed to vote on the given proposal.

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repealed next time by a small shift in the vote. This leads to uncertainty and instability; it befogs issues and clutters up the ballot. Witness, for instance, the number of times the income tax, Rogue River closing, lieutenant-governor amendment and others have been before the voters. No doubt, this circumstance is at least partly responsible for the large number of issues presented to the voters every year.

A study of the election statistics reveals several other interesting things. During the agitation for the initiative and referendum, the statement was made—and it has frequently been repeated since—that the legislature was out of tune with the wishes of the people. In fact, that was one of the important reasons for adopting these devices. Whatever the conditions may have been before 1902, it can be shown that since that time, the wishes and temper of the electorate have been interpreted better by the legislature than by those who sponsored initiative and referendum measures. The table below shows this.

TABLE XII

INTERPRETING TEMPER OF ELECTORATE

Direct vs. Representative Democracy

	Submitted by				*Adopted or rejected by majority*			
	Initiative		*Legislature*		*Initiative*		*Legislature*	
	Adopted	*Rejected*	*Adopted*	*Rejected*	*Adopted*	*Rejected*	*Adopted*	*Rejectea*
Amendments.	22	36	22	27	4	16	6	7
Measures . .	25	57	3	5	6	20	1	1
Referendum .	..	..	7	10	..	..	1	6
Total . . .	47	93	32	42	10	36	8	14
				Percentages				
Amendments.	37.9	62.1	44.9	55.1	6.9	27.6	12.2	14.3
Measures . .	30.5	69.5	40.0	60.0	7.3	24.4	8.0	28.0
Average . .	33.6	66.4	43.2	56.8	7.1	25.7	10.8	18.9

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A perusal of the above table shows that the people adopted more and rejected fewer of the legislature's proposals than of the proposals submitted by initiative petition. Considering only the propositions adopted or rejected by a majority vote, we find the advantage again with the legislative proposals. If the verdict of the people, as reflected in their vote, be accepted, one must reach the conclusion that the legislative body is more representative and understands the wishes of the people better than do those groups and individuals that sponsor direct legislation.

Another observation is that matters submitted to the people in special elections have a much better chance of being adopted than when submitted at a regular election. The table below indicates this.

TABLE XIII

REGULAR VS. SPECIAL ELECTIONS

	Submitted by Legislature		*Referendum ordered by Petition*	
	Per cent adopted	*Per cent rejectea*	*Per cent adopted*	*Per cent rejected*
Proposals Voted on at Regular Elections				
Amendments.	44.9	55.1	. .	. .
Measures	37.5	62.5	41.2	58.2
Proposals Voted on at Special Elections				
Amendments.	55.5	44.4	. .	. .
Measures	69.2	30.8	75.0	25.0

A study of the table shows that in all cases a larger percentage of proposals was adopted in the special as compared with the regular elections. There are several factors contributing to this result. In the first place, a much smaller percentage of the voters appear at the polls. The militant groups appear; the lukewarm are not interested sufficiently to take the time and trouble to vote. In the second place, because the uninterested stay away from the polls, there are fewer

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voters who are doubtful and hence a number who would naturally vote "no" are absent.

A question frequently discussed is whether the initiative has been instrumental in increasing the interest on the part of the electorate. During the campaign for the adoption of this device, it was claimed that as "each voter could be his own legislature" an all-round interest upon public questions would be created. If this assumption is true, one would expect a much greater participation on initiative as compared with legislative proposals. The table below shows this information.

TABLE XIV

PERCENTAGES VOTING

Initiative and Legislative Proposals[1]

	Number of Proposals	*Voting*		*Not Voting*
		Yes	*No*	
Legislature	57	34.94	36.94	29.01
Initiative	140	32.55	41.3	26.14

The table shows that a larger number of the electorate, by approximately three per cent, vote on initiative proposals. The figures, further, seem to substantiate the conclusions reached from Tables IX and XII.

In making further analysis of Table XIV, it was discovered that this larger participation on initiative proposals was not uniformly characteristic of the group as a whole, but rather the average was swollen by large votes on relatively few proposals. The figures below show this.

[1] The vote on 17 measures, referred by petition of the people, is not included in these calculations.

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TABLE XV

HIGH AND LOW VOTE

Initiative and Legislative Proposals

	Submitted by				*Number of Ballots Cast*
	Initiative Petition		*Legislature*		
	High	*Low*	*High*	*Low*	
1908	95,528	70,726	88,583	80,834	116,614
1910	106,215	77,317	91,638	73,321	120,248
1912	118,369	97,702	112,206	103,259	144,113
1914	237,204	175,623	204,726	173,787	259,868
1916	226,572	183,567	200,728	185,062	269,057
1918	108,246	91,889	116,005	108,740	157,964
1920	190,588	158,970	192,861	165,866	247,899
1922	219,191	167,000	146,226	140,391	241,267
1924	248,921	197,998	232,676	199,204	279,488
1926	182,405	170,697	181,415	136,947	233,384
1930	210,496	187,984	194,387	162,291	253,779
Average . . .	176,703	143,588	160,132	139,064	211,244
Percentage . .	83.6	68.	75.8	65.8	100.

These figures reveal that in nine instances the vote on initiative proposals was higher than the corresponding high vote on legislative proposals. In two cases, the reverse was true. The difference between the two high totals amounted to 7.8 per cent. When we compare the vote polled by the least popular proposals, we find that in five instances the initiative proposals polled more votes; the legislative proposals polled more votes in six instances. The difference between the two low totals was 2.2 per cent. Normally, one would expect little variation in the low and in the high totals. One must look to the nature of the proposals presented by means of the initiative for explanation of the comparatively poorer showing made by the legislative proposals. In two cases, it was woman suffrage; in three cases it was prohibition; the other instances revolved around the questions of compulsory education, oleomargarine, water and power development and the anti-cigarette movement. All of these matters, from the very nature of things, were supported and opposed by bitter partisans. This partisanship was

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responsible for the larger vote on initiative proposals. One may safely say, therefore, that on a few questions, usually on prohibitions of some sort or other, initiative proposals bring forth a greater degree of interest. On other matters, the interest lags and is just a trifle higher than that shown on legislative proposals.

It goes without gainsaying that the initiative and referendum have not produced the results that their friends and sponsors claimed for them. A study of their operation over a period of years reveals several weaknesses. First and foremost, no amendment or measure should be adopted unless a majority of those appearing at the polls are in favor of the proposition. Among other things, this would eliminate and reduce the power of the minority and prevent the enactment of legislation which is not backed by a preponderant public opinion. It would decrease the number of measures submitted at every election and permit the voter to centralize his time and attention upon a few proposals. The requirement of an absolute majority, plus the inclination of the electorate to vote "no" when in doubt, would reduce the number of complex proposals placed upon the ballot.

The present requirements pertaining to the method of getting signers for initiative and referendum proposals ought to be changed. There are organizations in existence which will, for a price, get signers for or against any proposal. This makes it relatively easy to get a measure upon the ballot or to invoke the referendum against bills passed by the legislature. This defect could be met in several ways. To increase the number of signers before a proposal can be placed upon the ballot is one remedy. In some instances this would reduce the number of proposals; in other cases it would increase the costs of the groups interested in getting signers. A better scheme would be to eliminate "petition pushers" entirely. Groups sponsoring either initiative or referendum proposals should be required to place proper petitions with public officials, such as county or city clerks; the voters, then, would be obliged to sign these petitions in these public offices. This would insure a larger measure of interest and concern than the present scheme.

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Many voters now sign petitions as a favor and without knowing what they are doing. The writer has questioned several petition-pushers, and their ignorance about the proposals they were sponsoring was colossal.

A question frequently asked is whether the initiative and referendum have tended to increase intelligent interest in public questions and the capacity for good citizenship. The figures presented in the foregoing tables would indicate that, if these devices have increased this interest and capacity, it is still at a rather low ebb. The large per cent not voting and the amount of blind voting would indicate that there is still much room for improvement. All this in spite of the fact that the secretary of state sends to each voter a pamphlet containing arguments pro and con on proposals up for decision. Add to this the publicity given by the newspapers and the arguments of interested organizations. Conditions are such that the interest of the public should be increased; the fact that this interest is not evident to any extent comes about because of the complexity of the proposals placed before the voters and the diffusion of this interest among many proposals.

A final observation is that the people of Oregon have had too much faith in the wonder-working power of mere institutions—such as the initiative and referendum — in bringing about better government. An electorate that is active, alert, vigilant and interested in good government will to a considerable degree achieve its ends in spite of the absence of these newer governmental institutions. On the other hand, the presence of these institutions, without an interested and intelligent electorate, will avail little or nothing. Devices and organization constitute the form; interest and vigilance are the essence of democracy.

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THE PRUSSIAN BUREAUCRACY IN THE EIGHTEENTH CENTURY III *

IV

THE ultimate test of any system of administration is its management and control of finance. It is the financial engine that drives the state along and all other particulars of good government profit a state little unless its system of public finance is well designed. The success of the Prussian monarchy in the eighteenth century must finally be explained in terms of its financial history. Edmund Burke was profoundly impressed with the excellence of the Prussian financial system and admonished the British Parliament to emulate the example of Prussia.[95] We are concerned here not so much with Prussian financial policy as with its bureaucratic control of public finance. Unlike France, which before 1789 could maintain no adequate system of budgetary control because the accounts of past years were not closed off, Prussia under Frederick II developed an effective centralized scheme for the control of public budgets and of its central and local treasuries.[96] It was a capital offense for a provincial chamber to exceed its budgetary allowance in making expenditures or fail to collect its full quota of public revenues or present to the king a sloppy account that was not perspicuous at a glance.

The Supreme Chamber of Accounts (*Ober-Rechnungs-Kammer*) which examined the accounts of the entire kingdom was, like all other Prussian administrative organs, a collective body and attached to the General Directory. This body was composed of experienced financial experts who had served for some years in the provincial chambers. They examined all

* Concluding an article the first and second parts of which appeared in the POLITICAL SCIENCE QUARTERLY for September, 1931, p. 403 *et seq.*, and March, 1932, p. 75 *et seq.*, respectively.—ED.

[95] Speech on Economical Reform, 1780.

[96] See the excellent historical introduction on budgets in Walter Lotz, *Finanzwissenschaft* (Tübingen, 1917).

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accounts above one *thaler* in the entire kingdom including those of the *Régie* and government monopolies, in short of all the receivers and spenders of public money down to the municipal magistrates. At the same time they played the rôle of modern efficiency experts in that they suggested to the king ways and means to increase revenues and reduce public expenditures. They were well paid, could accept no gifts or perquisites, and were under oath to accept no accounts not properly authorized.[97]

All accounts in the entire kingdom were due in the Supreme Chamber of Accounts one month or, as in the case of the remoter provinces, six weeks after the close of the financial year. The heavy penalty of a fine of five *thalers* was exacted for every account overdue. Even if small sums were still in arrears the account must be closed at the end of the financial year and sent to the Chamber of Accounts on the appointed time.[98] For every error detected in the accounts sent to them the members of this chamber received from four to twelve *groschen* to be paid by the offending official. Whatever might be said of the ethics of augmenting the salaries of one group of officials at the expense of all the rest, it gave a sharp edge to the alertness of the accountants who desired to make their occupation as profitable as possible.[99] These men corresponded with every collecting and spending official until every feature of the account in question had been satisfactorily explained. They proceeded on the modern assumption that everything could and must be accounted for unless it were either a mistake or an instance of corruption. It was their particular duty to ferret out unauthorized expenditures not provided for in the regular budgets of the provincial chambers. To make this financial control doubly effective the Chamber periodically examined local treasuries and sent the king a list of all delinquent officials. Every official could be certain that sooner or later

[97] All the important archive materials on the evolution and organization of the Supreme Chamber of Accounts have been collected and printed by G. Hertel, *Die preussische Ober-Rechnungs-Kammer* (Berlin, 1884), pp. 1-75.

[98] Hertel, *op. cit.*, p. 49.

[99] G. P. Wöhner, *Handbuch über das Cassen- und Rechnungs-Wesen* (Berlin, 1797), p. 134.

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his defective account would be reported to the king, who might content himself with a verbal reprimand or appoint a special investigating commission or, after the third offense, dismiss the guilty official without more ado. As a protection against corruption and embezzlement the Prussian king required a *Kautionsgeld* or security deposit from every treasury official before he was appointed to office. No treasury official was permitted to accumulate in his treasury more fluid funds than the amount of the security deposit he had placed with the state. His superiors were held responsible for seeing that the money in his treasury never exceeded that amount.[100] In this way responsibility for treasury deficiencies could always be traced to some point in the mechanism. Although instances of official dishonesty were not wanting, a prolonged and systematic plunder of public treasuries was impossible.

V

Notwithstanding the formidable paternalism of the Prussian state in which scarcely a phase of public or private life escaped regulation, the number of Prussian officials was surprisingly small. In the entire kingdom there were no more than 14,000 officials of every category.[101] While in the France of the old régime the persistent popular complaint was that there were too many officials, in Prussia it was that there were not enough.[102] The Prussian king could not afford to employ any superfluous officials. Although the number of provisional chambers increased with the territorial expansion of the monarchy, the king kept these bodies to an irreducible minimum.[103]

[100] Wöhner, *op. cit.*, p. 63.

[101] I. D. Richter, *Finanzmaterialien* (Berlin, 1789), p. 32.

[102] When in the seventies Domhardt, the president of the West Prussian chamber, complained of an insufficient number of officials, the king replied that the budget had already been fixed and was unalterable. The effect of this economy was not always a good one, for most of these provincial chambers were overburdened with work. *A. B.*, vol. IX, p. 161.

[103] From time to time the king revised the lists of these provincial chambers, suppressed one or two offices, and distributed the salaries attached to such offices among the remaining members of the chamber. For lists of the membership of the provincial chambers in 1748 see *A. B.*, vol. VIII, pp. 191-223.

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The energetic early French monarchs had scored their most brilliant triumphs over the independent jurisdiction of the nobility and the church by appointing bourgeois jurists to all important administrative posts. This alliance between the French crown and bourgeois jurists created the bed-rock foundation of French absolutism and administrative centralization. For a space it appeared as though the most far-sighted Prussian rulers would follow in their footsteps. In their long and bitter struggle against the political and juridical feudalism of the Prussian nobility the Great Elector and Frederick William I had drawn heavily, though not exclusively, on the bourgeois class. Frederick William I, the most bourgeois of the whole line of Prussian kings, was intensely suspicious of noble officials because of their tendency to consider themselves as the representatives not so much of the state as of those feudal interests with which the king was engaged in a struggle to the knife. He grimly derided the nobility when he made his court jester Gundling a noble *Freiherr*. Not that nobles were not represented in the bureaucracy of Frederick William I, but they were not the preponderant element.[104] For every two nobles appointed to the provincial chambers the king added two officials of bourgeois origin to hold the balance between the classes.

Under Frederick the Great, however, there was a sharp change in favor of the nobility. The Prussian crown had stripped its nobility of the last remnants of political power in the provinces. Further triumphs would have reduced Prussian nobles to economic ruin and uprooted them from the soil as completely as was the case with the nobility of France. But in a military state such as Prussia, where the nobility was the backbone of the army, this would have been an irreparable calamity. The Prussian nobility was not like the British aristocracy a wealthy class. The Prussian junkers east of the Elbe were essentially a class of farmers whose principal occupation was to manage their estates, to organize and employ as agricultural laborers the peasant subjects who lived on their

[104] A. Kamp, "Friedrich Wilhelm I und das preussische Beamtentum", *Forschungen zur Brand. u. preuss. Geschichte*, vol. XXX (1918), p. 33.

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lands. They were the organs of local government through whom the king dealt with the serfs. The noble landowner was responsible for the trial of peasant criminals, he pledged the collection of taxes, and supplied from among the peasants of his estate the recruits for the army.[105] He was the local official of the king in much the same way as the British justice of the peace. Unlike the nobles of western and southern Germany who lived exclusively from the ground rents which they drew from their serfs, the Prussian nobles possessed a considerable business and governing experience. Yet the estates of large numbers of them were not extensive enough to guarantee them an existence of assured economic independence. In a random list of 1700 nobles of the Electoral Mark and Pomerania we find 1300 who were forced to eke out their incomes by some form of public employment.[106] Even in Silesia, the wealthiest province of the Prussian monarchy, 2700 out of a total of 8000 nobles found it necessary to seek public employment either because their estates were too small or because, having no estates, public service was their only means of

[105] O. Hintze, "Die Hohenzollern und der Adel", *Hist. Zeitschr.*, vol. CXII (1914), p. 494.

[106] This calculation has been made on the basis of the "Vassallen-Tabellen" for the year 1767. These "Vassallen-Tabellen" were lists of all nobles in the kingdom and contain information on the occupation of the nobles and the value of their estates. Of the 1300 nobles mentioned above, 960 served as officers in the army and 340 in the civil service. Only 400 of them were wealthy enough to live without public employment of some sort. To serve either in the army or the civil service was an economic necessity for most nobles. I do not wish to imply that all nobles served in the army or civil service because they felt the pinch of poverty. But a close study of these "Vassallen-Tabellen" indicates that their willingness to do public service of some sort had a remarkable way of correlating with the size of their estates. In Silesia where nobles were wealthy relatively few served in the army, and Frederick II was painfully conscious of the fact. "Vassallen-Tabellen für die Kurmark und Pommern", *Geheimes Preussisches Staatsarchiv.* Even the wealthiest nobles possessed estates of only moderate value. One hundred estates of the Uckermark, the wealthiest region of the Mark Brandenburg, had an average value of only 60,000 thalers. Most of these estates were encumbered with debts which often amounted to one-half the value of the estate. "Extract aus dem uckermärkischen Land- und Hypotheken-Buch von sämmtlichen Besitzgründen belegenen Rittergüter und ihrer Agnaten bis September 1776", *Geheimes Preussisches Staatsarchiv.*

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livelihood.[107] Frederick the Great therefore admitted them to the civil service in greater numbers. But there was another reason for Frederick's predilection for the nobility. Himself an aristocrat to the bone, he was convinced of their superior moral fiber and character, their greater capacity to command and obey as compared with the timorous and often pusillanimous Prussian middle classes, who were still small in numbers and poor in spirit. Thus there came into existence that peculiar class of noble bureaucrats who from generation to generation gravitated to similar branches of public service and sent their children to be trained in the same careers.

Not only were all ministerial posts, with but few exceptions, and the leading offices in the provincial chambers reserved for the nobility alone, but nobles began by imperceptible degrees to multiply in the rank and file of the Prussian bureaucracy. It has been estimated that among 108 understudies who entered the Silesian chambers, between 1742 and 1806, some 70 were of noble and 38 of bourgeois extraction. Among these understudies most of the nobles were appointed to permanent positions after an apprenticeship of four or five years while the bourgeois had to ascend the arduous ladder of several subaltern offices before they achieved the same object and then only after a lapse of fifteen or twenty years.[108] Thus the young bourgeois official suddenly awoke to the fact that the stone walls in which he was immured were literally his sarcophagus in which the flesh of numbers of his fellows had actually been devoured for years under the relentless grind of the same monotonous duties without much chance of advancement. But the predominance of the nobility in the other provinces was not

[107] Joh. Ziekursch, *Hundert Jahre schlesischer Agrargeschichte* (Breslau, 1915), p. 47. H. Maurer, *Das landwirtschaftliche Kreditwesen Preussens* (Strassburg, 1907), *passim*. It was not a rare occurrence for nobles who had one or more sons in the army to petition the king to employ their other sons in the civil service. *A. B.*, vol. XII, p. 459. The more noble estates were divided among the various members of the family, the more the ravages of war had increased the debts which rested on their estates, the more necessary it became for them to seek public employment.

[108] Joh. Ziekursch, *Beiträge zur Charakteristik der preussischen Verwaltungsbeamten in Schlesien bis zum Untergang des friderizianischen Staates* (Breslau, 1907), p. 4 *et seq.*

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so marked as in Silesia. In the important provincial chambers of the Mark Brandenburg, Magdeburg and Pomerania noble and bourgeois elements faced each other in nearly equal proportions.[109] It cannot be said that Frederick II was blindly prejudiced against officials of bourgeois origin. For positions where technical knowledge was more valuable than the dignified carriage of the noble, Frederick did not hesitate to choose a man from the middle classes. Sometimes bourgeois rose to ministerial posts. Some of the ablest presidents of provincial chambers — Lentz, Colomb, Domhardt, Puttkammer — were *roturiers*. Yet these men had to atone for this lack of noble extraction by a redoubled zeal and abilities of unquestioned superiority.[110] All this did not alter the fact that noble birth was considered requisite for high office in the Prussian bureaucracy and that, although nobles and bourgeois might balance each other numerically in some provincial chambers, preponderance of influence, authority, and often of numbers lay with the nobility.

This ascendancy of the nobility in the Prussian bureaucracy had its effects upon the larger aspects of Prussian administration in the eighteenth century. The sharply marked anti-feudal tendency of the administration of Frederick William I came to a sudden halt. All further progress in recasting the social and political institutions of Prussia could be effected only at the expense of the economic and social privileges of

[109] Judging from the conduct reports which have come down to us this seems to have been true particularly of the central provinces. Rep. 96, 411 G. *Geheimes Preussisches Staatsarchiv.*

[110] Among the officials of the General Directory there was a considerable number of men of bourgeois origin, men who often had risen from humble subaltern positions. The king chose his cabinet secretaries from subaltern officials, jurists and ordinary scribes. W. Naudé, *Forschungen zur Brand. u. Preuss. Geschichte,* vol. XVIII (1905), p. 370. Minister Michaelis was the son of an apothecary. He was appointed over the head of a noble aspirant for the position. Von Siegroth, the president of the chamber of the Mark Brandenburg, counted with such certainty on being appointed to the post of the deceased Minister Derschau, that he purchased the latter's equipage, which was necessary for the dignity of a minister. Angered by the appointment of the bourgeois Michaelis, v. Siegroth persisted in addressing the former ironically as "Wohlgeboren" until the king ordered him to discontinue. I. D. E. Preuss, *Friedrich der Grosse,* vol. III, p. 137.

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the nobility. But the more pronounced the influence of the nobility in the Prussian bureaucracy became in the course of the century, the more did the provincial chambers abate their zeal for social and economic reform. With nobles everywhere in possession of leading positions it was they who set the pace, and bourgeois officials, learned but wanting social prestige, humbly followed their leading. It might be argued with some plausibility that in a bureaucratic system which dealt so largely with purely agrarian problems there was some reason for appointing as leading officials representatives of the land-owning and farming Prussian nobility. In this matter the superiority of noble over bourgeois officials was unchallenged, and it cannot be denied that they gave a new vitality to Prussian economic feudalism at a time when feudal institutions in Western Europe had long been superannuated. On the other hand it is equally true that they sometimes thwarted or even sabotaged Frederick's efforts at enlightened social reform. They opposed his attempt to emancipate Prussian serfs and to improve their titles to their holdings. They were responsible for the failure of the enclosure movement which the king pushed with energy and enthusiasm.[111] They failed to provide peasants, as the king had desired, with adequate legal guaranties against extortionate and unlawful noble exactions. Prussian bureaucrats were an essentially conservative class.[112]

[111] The opposition of the nobility was especially conspicuous in Frederick's effort to promote the enclosure movement in Prussia. The "Regierungen" and "Landräte" who had charge of the execution of the king's edicts in this matter were all land-owning nobles and as such strongly opposed to the measure. Reporting to the king, some of them emphasized the difficulties of execution, others prophesied "den völligen Ruin der Adligen und Bauern" as the necessary result of the measure. One reported that "manche bisher nahrhafte Dörfer würden in eine Wüste verwandelt werden". It may be said that Prussian nobles succeeded in thwarting the measure, for the number of estates actually enclosed in eighteenth-century Prussia was very small. R. Stadelmann, *Preussens Könige in ihrer Tätigkeit für die Landeskultur, Friedrich der Grosse*, p. 87.

[112] It should be said that toward the end of the century the bourgeois element in the Silesian and East Prussian chambers was affected by American revolutionary ideas and the English economic liberalism of Adam Smith. But these ideas contrasted so sharply with the realities of Prussian society, that they did not know how to combine the two. In Silesia in particular there was an

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Their conservatism, however, was also due to the peculiar manner in which they were remunerated. Besides receiving their fixed salaries, they received *tantièmes* and other emoluments which they could increase by redoubling their labor. By increasing public revenues they could increase their salaries. Their private interests were involved with the maintenance of the existing social order in a manner not unlike that by which the employees of a modern business concern share in the profits of the enterprise.[113] They would be the first to feel the smart of drastic social reforms. They did not desire to leave the beaten path.

Of scarcely less importance for the future of the Prussian bureaucracy was the progressive invasion of the military element, a movement which rose to its height at the end of the century. The appointment of former army officers to important administrative posts was nothing new. In the opening years of the eighteenth century Chancellor Ludwig of Halle recorded it as one of the significant signs of the times that everywhere in Prussia military generals were sitting at the writing table. The fact is not astonishing if we remember that the reform of the Prussian army had preceded the reorganization of the civil service; indeed, in the first two decades of the eighteenth century the administration of the army was the most modern feature of the entire Prussian state. The reorganization of the Prussian administrative system under Frederick William I was in the first instance designed to meet the growing financial needs of the army and was in part carried out by former army officers with the army as their model.[114] In this Prussian society where feudal classes were so strongly intrenched army officers were the most dependable

active group of bourgeois officials who were eager for reform. Joh. Ziekursch, *Beiträge zur Charakteristik, etc.*, p. 81 *et seq.*

[113] By increasing the income of municipal treasuries officials could often increase their salaries by one-fourth. From perquisites of various sorts an official might draw an emolument of 350 thalers. What these sums meant for the average member of a chamber who received a fixed salary of 800 thalers is obvious. I. D. Richter, *Finanzmaterialien*, vol. III, p. 39.

[114] G. Schmoller, "Reform der Städteverfassung unter Friedrich Wilhelm I", *Zeitschrift für preussische Geschichte und Landeskunde*, vol. XI, p. 566.

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and unsparing executors of the royal will. The Prussian army officer brought a number of peculiarly Prussian virtues to the civil service: faithfulness to duty, subordination, thrift with none of that acquisitive self-seeking which made the bourgeois official so obnoxious to Frederick the Great. By transferring men from the army to the civil service the Prussian kings inoculated the bureaucracy with a military sense of promptitude and obedience. By imperceptible degrees the Prussian civil service absorbed the spirit and discipline of the army. The Prussian bureaucracy wore a distinctly military aspect, a feature which distinguished it from any other administrative system of Europe.[115]

If Frederick William I employed former army officers by preference, his son, Frederick II, did so from necessity. Wanting the wherewithal to grant pensions to superannuated and invalid army officers, increased to formidable proportions by his many and bloody wars, he was reduced to the necessity, if he wished to provide for them at all, of reserving an ever larger number of subaltern offices for them. From that day down to our own the former army officers predominated in all the subaltern positions of the Prussian civil service. Ex-officers were found in greatest numbers in the postal service, in the lower grades of the excise administration, in the government salt and tobacco monopolies, as foresters and customs officials.[116] They were also employed extensively as municipal magistrates.[117] The Adjutant General of the Prussian army kept a list of all military invalids and as soon as a vacancy occurred anywhere the person at the head of the list received the position.

[115] G. Schmoller, "Der Beamtenstand unter Friedrich Wilhelm I", *Preussische Jahrbücher*, vol. XXVI, p. 148 *et seq.*

[116] Graf Lippe-Weissenfels, *West Preussen unter Friedrich dem Grossen* (Thorn, 1866), pp. 89-91. K. Rödenbeck, *Beiträge zur Bereicherung und Erleuterung etc.*, pp. 402-403.

[117] In 1768 Frederick II issued an order that municipal magistrates should be encouraged to elect invalid officers to vacancies in their midst. Tit. CII Cämmereisachen, Generalia, No. 11. *Geheimes Preussisches Staatsarchiv.* Out of a total number of 635 municipal magistrates employed in Silesia in 1806, 122 were former army officers. Joh. Ziekursch, *Das Ergebnis der friderizianischen Städteverwaltung* (Jena, 1908), p. 119.

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This penetration of superannuated and invalid army officers into the lower ranks of the service caused a radical transformation in the character of the Prussian bureaucracy. Hitherto Prussian monarchs had utilized subaltern officers as the most suitable means of educating higher officials. Frederick II himself employed in each provincial chamber a number of unpaid understudies, carefully selected from men of education and good family, who served in subaltern posts only to study the complicated bureaucratic routine as a preliminary step to higher appointments. The highest offices in the realm were open to such subaltern officials. But the royal decree of July 30, 1799, reserved all subaltern offices in the entire kingdom for military invalids to the exclusion of all others.[118] The result was a sudden and conspicuous decline in the quality of subaltern officials because military invalids were generally uneducated men who possessed neither the ability nor the ambition to rise to higher positions. This deterioration in the quality of subaltern officials drew in its train a marked increase of bureaucratic formalities, a multiplication of checks and counter-checks, and encouraged that baneful *Vielschreiberei* of which Frederick the Great was the deadliest enemy. To control this new type of official, business had to be transacted in the most circumstantial way. The people at large soon began to feel the effects of this transformation of the lower ranks of the service into an insurance institution for military invalids. From that day to this they have recognized in the subaltern official the demobilized soldier who was honest and reliable when fully instructed and controlled but who could not be expected by taking thought to add a cubit to his stature. Henceforth there was a sharp division between the educated higher officials and the subalterns, a distinction which was legalized in 1817 when higher careers were closed to subalterns by law.[119]

[118] *Jahrbücher der preussischen Monarchie,* vol. III, pp. 157-58.

[119] W. Naudé, *Forschungen zur Brand. u. Preuss. Geschichte,* vol. XVIII (1905), p. 374. It was not very often that a former army officer penetrated into the higher administrative posts, because to be appointed to a provincial chamber a special examination was necessary. The former army officers who succeeded most frequently in passing this test were either quartermasters or

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The overwhelming majority of French civil servants under the old régime were jurists. In Prussia they were practical economists. While attendance at a university was not a necessary requirement for admission to the service, such attendance became customary, especially in the second half of the century. It was one of the principal functions of Prussian universities to train future civil servants in Cameralism, as the study of economics was called, and jurisprudence. At the end of the century most civil servants had studied at one or more of the Prussian universities. After having passed an examination administered by the president of a provincial chamber, the applicant was admitted to the chamber as an *Auskultator* which was a special educational post for aspiring officials. As such he was admitted to the study of the arcana of the bureaucratic routine. This stage of his training usually continued over a period of two or three years. He was permitted to read the documents of the chamber, work in the chancellery, and generally familiarize himself with the duties of the various officials of the chamber. But this was only half of his preparation. It was a universal practice, prescribed by the king, for each understudy, before taking his final examination, to live on a royal farm for one or two years to make a personal acquaintance with the practical details of agriculture and the management of the royal domains.[120] This practical experience in the management of the royal domains was indispensable for every higher official.[121] Here the future official came into personal contact with some of the most important problems of the Prussian state: intelligent agricultural methods, the financial questions involved in drawing up a contract for leasing the royal domains, and the realities of the lord-serf relationship. It was a traditional conviction among

army auditors whose work in the army prepared them for the civil service. As may be imagined, these men were not welcomed by the rest of the officials. The army officer as a regular member of the provincial chamber is the exception rather than the rule. G. Liebe, "Das militärische Element in der Beamtenschaft vor 1806", *Geschichtsblätter für Stadt und Land Magdeburg*, vol. XXXXV (1910), p. 222.

[120] *A. B.*, vol. VIII, p. 699.

[121] *A. B.*, vol. X, p. 349.

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Prussian bureaucrats that no theoretical training, however excellent, could replace this practical experience. Indeed as long as the state possessed a fourth of all the land in the kingdom it would be difficult to suggest a more valuable training for future officials. Once in possession of this practical experience, the candidate could apply, on the recommendation of the president of the provincial chamber, for his final examination with the examination commission of the General Directory in Berlin.[122] This examination embraced the whole field of the activities of the future official. It was an examination in economics, jurisprudence and administrative law and practice. If one may generalize from the case of Theodore von Schön, who has left us a record of his examination, it presupposed an uncommonly thorough and extensive knowledge.[123]

Yet the absence of any system for selecting officials for the highest positions was painfully felt. Each time when a ministry or the presidency of a provincial chamber fell vacant the king was in a quandary over finding the most suitable candidate. The device of governing the realm from the royal cabinet now revenged itself upon the king. He possessed only a limited personal acquaintance of his officials, and the manner in which he was compelled to choose his higher civil servants was and remained unsatisfactory.[124] He had perforce to rely upon his ministers for recommendations, and in consequence there crystalized about each minister a group of protegés for whose advancement he became responsible.[125] The king then called the various candidates to Potsdam and, after a single interview, made his decision. Frederick II was no bad judge of men, but his judgment was far from being always reliable. There was something obviously unsatisfactory in making an appointment on the basis of a single interview. Within the

[122] In existence since 1770.

[123] Theodor von Schön, *Studienreisen eines Staatswirts in Deutschland am Schlusse des vorigen Jahrhunderts* (Halle, 1875), pp. 11-20.

[124] It is true that for a few years after 1770 the king maintained in the General Directory the so-called *Pépinière*, an institution designed to prepare promising young officials systematically for higher officers. M. Hass, *Festschrift zu Schmollers 70. Geburtstag*, p. 200.

[125] Joh. Ziekursch, *Beiträge zur Charakteristik etc.*, p. 65.

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limits of a single conversation the king could do no more than apply his customary tests of bureaucratic ability. It is possible to describe with some precision the attributes of the official who made the deepest impression upon him. The official must be thoroughly posted in his branch of the service, work rapidly, be always ready with a quick reply, display a military bearing and be extremely punctilious in observing all bureaucratic proprieties. But being such an official was perfectly compatible with being a petrified and pedantic formalist, and formalists were not rare phenomena in the Prussian civil service. Among Frederick's ministers v. Heinitz was the only man of learning and independent ideas; in his special province of mining he was an authority of truly European stature.[126] Other ministers like v. Schulenburg and v. Hagen did not rise above being able and industrious men of routine. They were not men to pierce the heart of a problem or to propose incisive measures.[127] Von Hagen boasted that he never read a printed line; indeed, he had such a horror of the printed word that when on his birthday a friend presented him with a printed poem he returned it with the request that he might have it in writing.[128] Lesser officials were more intellectually active. Many of them wrote treatises, valuable in their day, on statistics, agriculture and public finance. In Silesia and East Prussia members of the provincial chambers took a lively part in the movement of the *Aufklärung*. In Breslau the members of the chamber even founded a scientific and literary periodical, the *Schlesische Provinzialblätter,* which was edited by one of the secretaries of the chamber.

[126] O. Steinecke, Friedrich Anton von Heinitz, *Forschungen zur Brand. u. Preuss. Geschichte,* vol. XV (1902), p. 421.

[127] Schulenburg was perhaps most representative of the Prussian bureaucratic type. In his "Denkwürdigkeiten" he confesses that he loved order to the point where it became ridiculous and punctuality to the point of pedantry. Reviewing his virtues and vices as an official he says: "I call myself a man after the clock. I have never postponed any work nor left anything undone. I have never been tardy where I should have been on time." *Forschungen zur Brand. u. Preuss. Geschichte,* vol. XV (1902), p. 385 *et seq.*

[128] *Aus den Papieren des Ministers und Burggrafen von Marienburg, Theodor von Schön* (Halle, 1875), p. 31.

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Socially, civil servants belonged to the leading classes of Prussian society. In a state where there were few bankers and practically no wealthy merchants or manufacturers, where the masses of the urban population were small shopkeepers, artisans and their apprentices, civil servants were to the urban population what the nobility was to the rural districts. They had the best residences in the towns, kept several servants, horses and a chaise, and employed tutors for their children. While their salaries were not munificent, they were paid better than their equals in surrounding countries and usually held their positions for life.[129]

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[129] v. Klöber, *Schlesien vor und seit dem Jahre 1740*, vol. II (1788), p. 281.

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THE MACHINERY OF EXPERIMENT AT GENEVA

I

IN the books which form the basis of the discussion below it is interesting to see how the general outline of interpretation of the development of the League of Nations in the past twelve years given by Professor Rappard is illustrated in the studies of international administration and constitutional development by the various other authors whose books are evidence of the progress of the Geneva experiment.[1] Also the background of League origins given in Rappard's review of the aims of the framers of the Covenant provides a setting for the studies on technical committees and international administration, the World Court and the International Labour Office. The student of the Geneva experiment will always be under obligation to Professor Rappard as a historian, because in his stimulating books he has insisted that the League and its work be studied with reference to the anarchy of Europe before 1914, as well as seen as an institution of peace created by victorious nations in war and first functioning in a world financially bankrupt and beset by universal unrest. The greatest strength now of the League is simply in its survival in times of universal upheaval. It is of

[1] *The Geneva Experiment,* by William E. Rappard. New York, Oxford University Press, 1931. 115 pp. $1.75.

The League Committees and World Order. A Study of the Permanent Expert Committees of the League of Nations as an Instrument of International Government, by H. R. G. Greaves. New York, Oxford University Press, 1931. 266 pp. $5.00.

The International Labour Organisation: The First Decade. Preface by Albert Thomas. Boston, World Peace Foundation, 1931. 382 pp. $3.50.

International Understanding, by John Eugene Harley. Stanford University, Stanford University Press, 1931. xx, 604 pp. $7.50.

International Administration, by Norman L. Hill. New York, McGraw-Hill Book Company, Inc., 1931. xi, 292 pp. $3.00.

Constitutional Development of the League of Nations, by Paul K. Walp. Lexington, University of Kentucky, 1931. 183 pp. $2.00.

What Would Be the Character of a New War? Enquiry organised by the Interparliamentary Union. London, P. S. King & Son, Ltd., 1931. xviii, 411 pp. 16s.

The International Court, by Edward Lindsey. New York, Thomas Y. Crowell Company, 1931. xix, 347 pp. $3.75.

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little use to declare that the aims of the League in 1920 have not been carried out in 1932. It is rather for students of government to direct the energies of peace by developing the agencies which, even in spite of grievous handicaps, have yet vital power if directed by men of good will. The breakdown of the machinery of peace is a default of government itself everywhere. If government among free peoples survives, that in itself will be a guaranty for the Geneva experiment.

The League of Nations has now functioned as the chief machinery of peace for over twelve years. An enormous body of literature has resulted from the effort of students and statesmen and publicists to understand its history and its functions. It is a hopeful sign that many minds give their attention to the institutions of peace, even indicting them as impotent, because only upon alert convinced opinion can these institutions depend for that support from governments and peoples which will make them endure as institutions of peace in the future. We cannot too often attempt to find out what changes in opinion the League has inspired, and whether governments are responsive to the vastly complicated issues of peace in modern democracies. Such a splendid guidebook of the agencies educating for a new world as Professor Harley's *International Understanding* supplies the evidence that in the future statesmen and leaders of opinion may confidently expect a wider acceptance of the facts about a new world. In his book it is again and again shown that work done at Geneva has been the chief reason for the study of the agencies in the United States which are attempting to inform democracy of its interdependence in a new world. In no other country, as his book proves, has the Geneva experiment inspired so much study and such varied effort to inform the popular mind of international coöperation.

The question that Professor Rappard asks is how in essence has world politics been changed by the League of Nations. He takes for granted that a consciousness of common purpose has arisen in mankind, that the possibility of such a common purpose has been acknowledged, and that, as a result, the face of world politics has been altered. He accepts the statement of Hugh Dalton that "the League of Nations . . . is the most ambitious piece of international, or inter-State, machinery which has as yet been built", and in *The Geneva Experiment* Rappard considers whether the alteration of the "face of world-politics" implies an alteration of the whole body, of the mind, and of the soul of mankind. "For our generation",

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he says, "and the coming generation, there is no greater or more vital question. If not only the face, but indeed the essence of world politics are not to undergo a profound change, the future of civilization is clearly menaced". The prewar system of international relations he considers the real culprit in the notorious war guilt question, and this system unchanged may prove even more radically devastating in the future. With this old system of untrammelled national sovereignty, rival alliances and competitive armaments as his background, Professor Rappard examines the Geneva experiment to find out if there is any hope for its taking the place of the old prewar system of international anarchy.

It is significant that Professor Rappard in his first lecture (this volume contains the substance of four lectures delivered, in May 1931, before the London School of Economics) asks, "What Is the League of Nations?" He interprets the aims of the framers, first, as wishing to avoid the appearance of creating a super-state, thus steadfastly insisting on what may be called the coöperative idea underlying the League; and, second, wishing to avoid war, insisting in their quest for peace on what may be called the corporate idea of the League. The subsequent evolution of the League of Nations is seen by Professor Rappard to illustrate a continuous conflict between the two tendencies, a conflict yet far from being settled, and, as he submits, it can be finally settled only by the triumph of the corporate over the coöperative idea, if peace is to prevail. Of course his lecture was given before the long series of American notes on the crisis in Manchuria and in China!

It is great good fortune that at this time a writer of the experience and intimate knowledge of Professor Rappard should insist upon the fact that the drafters of the Covenant consciously refrained from doing more than attempting to lay the foundations of the League of Nations. Woodrow Wilson made plain that its constitutional and administrative development belonged to the future. He knew the League could not and would not stand still. Thus, there has been increasing significance in the constitutional development of the League, especially as this has been seen in the history of the Council and the Assembly and in the expansion of the whole field of international coöperation. International administration has become much more than a hope or a name since 1920, and, League or no League, there is necessarily today a large body of international business which has to be administered on the basis of international organization and through international agencies. A most valuable

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principle of constitutional development is made plain when it is pointed out that of the scores of League committees today in existence, two only, the Military and the Mandates Commissions, were mentioned in the Covenant. Professor Walp's *Constitutional Development of the League of Nations*, a straightforward account of the ever-changing nature of the League, provides the year-by-year evidence, especially with reference to the functions and relations of the Council and of the Assembly. It is well that Greaves' book links in its title the League committees and world order, for it is literally to organize a new world order that these instruments of international government have been created. There is agreement in the views of Rappard, Greaves, Hill, Walp, Lindsey, and the authors of the record of the *International Labour Organisation*, that the League of Nations, the World Court and the International Labour Office represent a new type of world organization. It is in terms of what this organization may do and what it may be allowed to do that criticism must be given.

II

It is most interesting to see the large place that Professor Rappard gives to the Assembly of the League of Nations in the developments since 1920 of a new international order. He believes that the enlargement of the Council of the League has already given its deliberations a character of unreality and insincerity, while the Assembly has increased its importance. The three decisions to which he attributes the Assembly's unexpected preponderance are, first, the decision in 1920 that the Assembly meet annually; second, the important decision according to which the financial existence of the League was to be based upon a budget annually discussed and approved by the League; and, third, the principle and practice, also adopted in 1920, of publicity in Assembly debates. "By thus allowing public opinion, through the press, to follow, to influence, and almost to participate in its discussions, the Assembly has in effect allied itself with the true sovereign in the contemporary world".

But the student of the constitutional development of the League is more likely to find, as the splendid study of Greaves makes plain, that the most original structural products are the Secretariat and the technical organizations of the League of Nations. Here it is that the silly idea of some politicians, used as an excuse to avoid thinking, that the League today is not the League which its founders planned, is shown to be without foundation. The establishment

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of conditions of peace is the significant reality with regard to the hopes of the framers of the Covenant, and the part that has been played by the technical committees and organizations shows how far the actual needs of the world for international organization are being met by international administration through agencies of peace. Professor Hill wisely points out in his *International Administration* that the forces behind the development of international administration have not yet spent themselves. His useful survey affirms the belief that the establishment of the League of Nations has served as a new point of departure within the administrative branch of international organization, as well as the diplomatic and judicial branches, by making available a more elaborate mechanism than has existed hitherto. It is not too trite to use again the descriptive phrase of the League of Nations as the new machinery of peace by conference and consultation and publicity. This postwar institution is the minimum basis of international administration.

It is well at this time, when so much is heard of social planning, to suggest that the administrative development of the League in the large fields of international finance and trade and social welfare has been used largely in desperation, and not with that wise coöperative energy which would accomplish the largest results. The League, aside from its political aspects, has gone from one crisis to another in its administrative development. The technique has been created in times of emergency, and it shows the origin often in its awkward use. The League has been often nothing less than a stop-gap, used when all other means were exhausted or impotent. Great remedial measures have been accepted and palliatives have been applied, but the future use of international agencies to promote the ideals of human welfare and security can hardly be judged by the intermittent and halting methods of the past twelve years. If the League is to be successful, and the international health work proves that it can be a mighty power in creating standards of international administration, there will have to be a larger place for coöperative national aid in international planning. National responsibility of governments will necessarily reflect an increased international obligation. Part of a more hopeful picture is already supplied in the excellent volume dealing with the first decade of the International Labour Office. M. Thomas, director of the International Labour Office, interprets what he calls "our dawning international life" in terms of a more adequate use of the agencies by which peace and justice in human relations can be promoted. This,

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he says, is the condition of international responsibility. Professor Rappard has keenly revealed the place in the constitutional development of the League of the technical committees and organizations, and has suggested how they may fulfill a more important part in the work of international coöperation.

> These various organizations deal with a range of topics almost commensurate with that of man's activity. They all, however, present certain common traits. They are all set up for the purpose of contributing to the solution on an international plane of problems which are not susceptible of a satisfactory solution when studied in one country alone, or in various countries irrespective of each other. They are all advisory in character and more or less expert in composition. In a world whose fundamental unity in the economic and social sphere is becoming ever more real and whose political diversities are being ever more stressed by the exasperation of competing nationalisms, the technical organs of the League are both a protest and a makeshift. They are a protest of the economic and social against the political. And they are a makeshift by means of which, under existing conditions, the League is attempting to give some measure of satisfaction to those demands of life and civilization which only the unification or at least the federalization of the world could adequately satisfy.

Thoughtful students of world affairs since 1920 have not failed to see the direct connection between the machinery of peace and world order. The prevention of war has never been lost sight of in the aims of those who were intent upon the strengthening of the agencies established to create the conditions of peace. The political and economic problems of the League and the Labour Office, and the enlarging work of the Permanent Court of International Justice, have all been seen in the pattern of international organization which has as its aim the prevention of armed conflict. But the administration of the institutions at Geneva and at The Hague has proved beyond any doubt that the prevention of the causes which lead to war requires in all vigilance the organization of peace. Here is the meaning of the League of Nations in the past twelve years. The beginnings of international government have been made, and this very success has inspired a confidence in the machinery by which, if men of good will coöperate, war and the spirit which engenders war may be literally organized out of existence. There would be little surprise for Woodrow Wilson, it is certain, in the development of the organization of peace as outlined by the writers here surveyed. The trained student of political organization sees, through Greaves' study especially, the emerging characteristics of technical inter-

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national organization. The significance of the work of the Economic Committee, itself a new council of nations, the achievement of the Financial Committee and the Economic Advisory Committee in unifying international action, and international technical coöperation through the Health Committee, the Committee on Intellectual Coöperation, the Communications and Transit Committee, and the Governing Body of the International Labour Office, all are outstanding examples of what is really a new technique of international administration. It is also a new philosophy about a new world order. It really means that a standard of international administration is being created by common action. What Greaves calls functional coöperation is the keynote to this new way to the discovery of principles of world unity, and he considers technical contact as the first means of expressing it.

The principles of world unity are of course balked in their expression both in national administration and in international organization because men and nations have not yet learned the way which is best to secure the aims of peace in a complex international order. Here again the study of the attempts at international coöperation and international administration offer great promise. This is seen in a fresh way in the methods of the Permanent Mandates Commission, because it plainly accepts the basis of a new kind of international obligation. This kind of coöperation may easily open up all the important problems of world peace, and may prepare every nation for a larger freedom which will eradicate the causes of war among nations. The fear of war blocks all security both nationally and internationally, and yet the study of the Inter-Parliamentary Union (a magnificent common indictment of war and its dangerous modern character) is convincing evidence that the advisers of every nation know there is no future for any people in war. This may account for the fact that the failure of much talk upon disarmament has not stopped further talk upon the necessity of disarmament. And men in a world crisis are agreed that to fail in this is to fail in the task of government and civilization itself. The record is an open one for the past twelve years, and its lessons are not less insistent today even though war clouds are over Lake Leman.

The evidence of the Geneva experiment is plain. The aim to organize peace is more insistent when the facts are known. International administration and international coöperation have not proved inadequate, simply because governments have not yet really

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given the machinery they have established a chance to function. What governments have allowed the machinery at Geneva and at The Hague to do is certainly not enough to give confidence to those who refuse to recognize that the old prewar system of international relations is morally and politically bankrupt. That old system cannot today either provide ideals for action or create a working basis for international peace. But twelve years of attempts to organize a new method of publicity and compromise and persuasion have convinced men of good will that when nations decide to make energetic use of the Geneva experiment a new world order will be their best security. In the meantime there is an increasing body of evidence that the experiment is preparing the way for a larger measure of coöperation among all the nations.

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A NOTABLE BIOGRAPHY

Baker's Life of Woodrow Wilson

THESE two new volumes of Mr. Baker's official biography of Woodrow Wilson,[1] appearing four years after the publication of the first two volumes (*Youth, 1856-1890* and *Princeton, 1890-1910*), more than justify the contemporaneous favor and the prophetic acclaim with which the former volumes were received. Not only does Mr. Wilson himself grow vastly more interesting as he moves on from the "minor statesmanship" of education to the larger field of state and national politics, but his biographer, sensing the significance of the change, has developed a breadth of conception and an enhanced dignity of style which make his treatment of the governorship and the first year and a half of the presidency of Wilson a book of truly epochal proportions. But not even yet has Mr. Baker drawn on the most significant part of the endless cases of executive, confidential, diplomatic and personal files which compose the five tons of documents so enthusiastically put at his disposal by the great President. He has but reached the threshold of the tremendous events which for the mass of American citizens are the substance of Woodrow Wilson's career, the struggle for neutrality, the problems of the war, the peace negotiations, the crusade for the League of Nations, and the unyielding defeat. When the succeeding volumes (and how many will there be?) shall have discussed these events with the wealth of detail and weight of authority which characterize the work now before us, we shall undoubtedly have the most magnificent of American biographies.

In spite of its title of *Governor, 1910-1913*, only the first 174 pages of Volume III deal with the governorship. It is clear from the outset that that office was regarded both by his backers and by Wilson himself as simply a stepping-stone to the presidency. Writing to his intimate friend, David B. Jones of Chicago, a trustee of Princeton, for advice on the question of leaving the university to enter the campaign for the governorship, he said that it indicated "as definite a prospect of the Democratic nomination in 1912" as

[1] *Woodrow Wilson: Life and Letters*, by Ray Stannard Baker. Volume III: *Governor, 1910-1913*; Volume IV: *President, 1913-1914*. New York, Doubleday, Doran & Company, Inc., 1931. xii, 483; vi, 518 pp. $10.00.

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it was possible to have at the time. It was as a coming President, not Governor, that George Harvey had hailed him at the Lotus Club dinner in 1906; and it was to reach that greater goal that Wilson had to take the hurdles of New Jersey boss-ridden politics. That is perhaps why Mr. Baker almost wholly neglects the legislative accomplishments of Governor Wilson, to dwell with emphasis on his political victory over the Smiths and Nugents and Davises. It was far more important to keep Jim Smith out of the United States Senate than to get the "seven sisters" through the Jersey legislature. For the former battle was the crucial test of Wilson's title to progressive leadership. "Defeated he [Smith] must be," wrote the Governor-elect to his friend Mrs. Peck, "if it takes every ounce of strength out of me."

Mr. Baker rejoices in the triumph of Wilson over the old party leaders in New Jersey; but, inclined as he is to see no faults in his hero, he soft-pedals some of the embarrassing elements of the victory that appear, for example, in Mr. Kearney's *The Political Education of Woodrow Wilson*. Many an honester man than James Smith, Jr. saw something akin to running with the hare and hunting with the hounds in the Governor's stark antithesis of the people who had elected him to the bosses who had nominated him. If he was, as the Hoboken *Observer* remarked in the autumn of 1910, "afloat on a bad hull," he had gone aboard willingly and wittingly. We think he did right in putting the crew in irons, but the victims could not be expected to share that view.

In his admirable account of the campaign for the nomination and election of 1912, Mr. Baker seems at times to yield to a temptation to picture Wilson as a fully-matured and sure-footed politician, whereas, in truth, he often embarrassed his managers by hesitancy. A case in point was his reluctance to accept the necessary publicity agencies of a campaign headquarters. Mr. Baker certainly minimizes the importance of the backers.

> Wilson's dramatic fight in New Jersey [he writes], given the widest publicity, made him by the summer of 1911 one of the outstanding candidates for the presidency. It was due to his own initiative, his own activity. Not one of the "President-makers" had anything to do with it. McCombs was not there, nor Colonel House, nor Bryan, nor, during the struggle, Colonel Harvey—much less any of the party leaders or bosses, who had begun to fear him or hate him (Vol. III, p. 174).

True enough. But Wilson would not have had the chance to make the New Jersey fight had it not been for Colonel Harvey's dinner

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at Deal, nor would the New Jersey victory have made Wilson the presidential nominee without the work of Bryan, McAdoo, Baker, the Texas delegation and many others in the convention. According to Baker, it was Wilson's own steadiness of judgment that won through in that hectic fight at Baltimore. "It seems certain that if Wilson had followed McCombs' advice at any one of several critical moments of the convention he might and probably would have lost the nomination. . . . A single misstep and Wilson would have lost" (Vol. III, pp. 352-353). Yet, after Clark had reached a majority in the balloting, Wilson yielded to the spirit of defeatism sufficiently to send McCombs a message offering to release his delegates "if they felt they ought to vote for someone else"; and it took all McAdoo's vocabulary of protest to prevent McCombs from releasing the message. Wilson was still something of an amateur in politics when he entered the White House.

Mr. Baker's fourth volume is a magnificent story of Wilson's growth in political stature as he matched the idealism of his fundamental democratic concepts against the forces of conservatism and special interests, in the fight for tariff revision, currency reform, trust regulation and an honest and humane policy in dealing with foreign countries. The years 1913-1914 present a record of progressive legislation unequaled in any other period of like time in our history. The President's leadership became more compelling each month. Undeviating faith and patient courtesy tempered the relentlessness with which he insisted on the prosecution of his program. He went from victory to victory. And each victory enlarged his vision. When the World War came, to interrupt his cherished program of progressivism and ultimately wreck his life, he was planning, as he told Percy MacKaye, for the creation of a social, intellectual and artistic "renaissance" in America, resting on the "structural piers" of the political and economic reforms accomplished by the great legislative measures of the first eighteen months of the administration.

The relations between Wilson and Bryan furnish some interesting pages in the two volumes. Mr. Baker tries to take at their face value the utterances of his hero at political meetings or public dinners, in which he pays tribute to the services of the "great Commoner" to the cause of progressive democracy. But it is hard to believe that a man of Wilson's intellectual integrity and consistency (so constantly emphasized by Mr. Baker) really ever changed his oft-expressed opinion of the "dangerous" and "fool-

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ish" elements of Bryan's "theoretical beliefs". He had "jeered" at the Cross of Gold speech, of which Bryan never repented, and had voted for Palmer and Buckner in 1896. In 1908 he had refused to speak at a Jefferson Day dinner "if Bryan was to be there". And when it became almost mandatory for him to invite the Nebraskan into his cabinet, in recognition of the debt incurred in the Baltimore convention, he acquiesced in the inevitable choice with reluctance. "I called up Governor Wilson to talk things over," wrote House in his Diary, December 19, 1912, "and he asked if I still held to my advice about Mr. Bryan, and I answered 'yes'. This is the third or fourth time he has asked me this. It shows how distrustful he is of having Mr. Bryan in his Cabinet." (Charles Seymour, *The Intimate Papers of Colonel House*, Vol. I, p. 98). That the President virtually assumed the work of the Department of State in critical negotiations is abundantly evident from Mr. Baker's pages.

The author takes issue with Seymour at several points on the importance of Colonel House's influence on the Wilsonian policies. While recognizing the close bond of sympathy and affection between the two men, he would correct "the assumption, naïve at times, of the magic of his [House's] influence with his 'great and good friend.'" He points out that House was not an original Wilson man, like his fellow-Texans Love, Gregory and Burleson, who had been working for Wilson a year before the Colonel had even met him. He denies the Colonel's claim to have furnished Wilson with the data for his speeches on the tariff, by inviting him to a dinner at the Gotham Hotel (Dec. 7, 1911) and seating him beside David F. Houston ("who had made a life-long study of the question") to be primed on that important subject. (*Intimate Papers*, Vol. I, p. 47). As a matter of fact, says Baker, Wilson himself had made a life-long study of the tariff and after the interview with Houston "continued to say practically what he had been saying for years". He had gathered information from many sources on the tariff. Professors Ford and Daniels at Princeton, Congressman Underwood of Alabama, William C. Redfield of New York "had helped him with facts and arguments. And, as Wilson says somewhat plaintively: 'I really thought of some of them myself!'" (Vol. III, p. 309.) Again, in the chapter on "The Reform of the National Currency" (Vol. IV, pp. 131-202), Mr. Baker agrees with Senator Glass (*An Adventure in Constructive Finance*) that Colonel House's contribution to the framing and passing of the Federal Reserve Act was

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so slight that Seymour's description of the Colonel as "the unseen guardian angel of the bill, constantly assisting the Secretary of the Treasury and the Chairmen of the Senate and House Committees in their active and successful labor of translating into law" (*Intimate Papers*, Vol. I, p. 160) is little short of ridiculous.

In the midst of his discussion of the public policies of the President, Mr. Baker finds room to devote many pages to the intimate questions of his character and disposition, showing us a dual personality—of cold, clear, diamond-like hardness in his inflexible public will, yet craving a sympathy in his intimate relations which bordered at times on a mawkish sentimentality. One gets rather "fed up" on page after page of letters (there are 56 of them quoted at length in the two volumes) to his "dearest friend" Mrs. Peck of Bermuda, and to other women (Mrs. Reid, Mrs. Joy) in whose "unarguing sympathy" he finds refreshment for his labors. With a wife and three daughters to share his confidences, one would think he might have been content.

There are few statements of fact or judgment in these remarkable volumes to which a reviewer might take exception. It is hardly true that "Bryan was beaten with difficulty . . . in 1900" (Vol. III, p. 3). Debs was not "in jail" in 1907, as is implied on page 35. It is too early to speak of a man "running for Congress as a Progressive Republican" (p. 97) in 1910, before even the National Republican Progressive League had been formed, to say nothing of the Progressive Party. Bryan did not first "swim with the ken of the country in 1896" (p. 201), for he had been a conspicuous figure during two Congressional terms. If "Roosevelt had intimated that he might support La Follette" before 1912 (p. 270), the evidence is not at hand. Wilson's declaration that he would not see applicants for office in person was not "a shocking innovation" (Vol. IV, p. 26). Cleveland had made the same announcement twenty years earlier. Mr. Baker speaks of Mr. McCormick serving as a member of the "War Cabinet" (Vol. III, p. 285 n.), which, in view of President Wilson's successful fight against his Republican critics, led by Theodore Roosevelt, to force a war cabinet upon him, is highly misleading. And finally, it would be appropriate to speak of Taft as surpassing Wilson in geniality rather than in "urbanity".

D. S. Muzzey

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REVIEWS

The Holy Land under Mandate. By FANNIE FERN ANDREWS. Boston and New York, Houghton Mifflin Company, 1931. 2 vols. —xvii, 361; ix, 436 pp. $10.00.

In these two imposing volumes, Dr. Fannie Fern Andrews, long a diligent worker in the peace movement, presents a traveler's picture as well as a documented history of the mandate of Palestine. The first part of this work gives the setting of the Holy Land, including an account of its geography, peoples and religion. After two further chapters describing British personalities who have left an imprint upon this land, Mrs. Andrews comes directly to the problem of Zionism. Two chapters are devoted to a discussion of the history of the famous Balfour Declaration. She traces the prewar schemes for a National Home for the Jews and the various plans for colonization, going back to the French Revolution. It was, however, only in 1897 that the aims of the modern Zionist movement were formulated in the First Congress at Basle. The aims of the movement were finally recognized by the Balfour Declaration of 1917, by the action of the Paris Peace Conference, and by the conferring of the Palestine mandate upon Great Britain, for the express purpose of establishing a national home for the Jews.

Mrs. Andrews' second volume is devoted to a discussion of the efforts of the Jews to carry out their dream in Palestine and the resistance to these efforts made by the Arabs. A Jewish Community has been established with its own religious and secular organs, such as a Rabbinical Council, an Elected Assembly, and a General Council having certain powers of self-government in matters of strictly communal concern. The Jewish Community has been preëminently successful in its health work.

Unfortunately for the Jews Palestine is inhabited by an Arab population which is bitterly opposed to political Zionism. Mrs. Andrews traces the history of Arab opposition, and the steps taken by the Arabs to combat the Balfour Declaration and the terms of the mandate. The Palestine Arab executive has exerted persistent efforts in placing its case before the Palestine Government, the

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Mandates Commission, and the British authorities in London. Thus in 1921 and 1930 the Arabs sent a delegation to confer with the Colonial Office. Mrs. Andrews gives a detailed history of the three Wailing Wall incidents, including a detailed summary of the action of the Mandates Commission in passing judgment upon these incidents. She regards the sending of Sir John Hope Simpson to Palestine to report upon the questions of immigration and development as a turning point in the history of the Palestine mandate. The volume closes with a recital of the new British policy adopted after the Simpson report, the consternation caused among the Zionists by this new policy, and Prime Minister MacDonald's belated attempt to conciliate the Zionists. A not unexpected result of his efforts was further to antagonize the Arabs.

Valuable as is Mrs. Andrews' work, it suffers from two major defects. First, it contains personal and chatty material out of place in a serious study. Had she omitted this material she might have condensed the valuable portions of her study into a single volume. Secondly, she does not make an analysis of the apparently irreconcilable conflict between Arab and Jew. She attempts no answer to the question whether there is land enough for both peoples, and whether a form of government can be established which both Arab and Jew will accept. She passes no judgments upon whether or not Zionism is a legitimate aspiration or just a new form of imperialism. She merely concludes that the gulf between Arab and Jew is greater today than eleven years ago. From her summaries of official documents, it is possible for the reader to get a glimpse of these problems, but what most readers wish is a full and frank discussion of the underlying issues. Nevertheless these volumes are unusually valuable as an accurate chronological summary of historical events.

RAYMOND LESLIE BUELL

NEW YORK CITY

The Value of Money. By TJARDUS GREIDANUS. London, P. S. King & Son, Ltd., 1932.—vii, 364 pp. 15s.

This volume consists of two quite different sections. The first is a summary and criticism of various leading theories of money, from Xenophon down to the present day; the second is a development of the author's own "yield" theory of the value of money.

The first section is of rather uneven merit. In some directions

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Mr. Greidanus presents penetrating critiques; in others, the value of his observations is less clear. One is especially inclined to cavil at a classification which lumps together, under the head of "mechanic money theories", such diverse doctrines as those of Fisher, Cassel and Wicksell; and to question the separation of Mises from his intellectual forebears, Wieser and Böhm-Bawerk. Nor is the complete omission of Robertson's *Banking Policy and the Price Level* easily understandable; in the mind of the present reviewer this short volume is at least as profound a contribution to the theory of money as Keynes' *Treatise*, to which Mr. Greidanus devotes an entire chapter. Finally, it is in some ways regrettable that the present book was brought out before the current controversies between Robertson, Keynes, Hayek and others had assumed more definite shape. To this controversy, and to Hayek's works themselves, Mr. Greidanus makes no reference at all.

The discussion of Keynes' *Treatise on Money* itself, on the other hand, is illuminating (pp. 178 *et seq.*) Several objections are raised to the Fundamental Equations. First, everything except output is expressed in terms of money. Hence the first equation would be satisfied with any given changed value of P, provided that E and S were changed in proportion; but the equation would not itself explain how or why these changes had taken place. (And Mr. Greidanus might also have pointed out here the further defect that the quantity of money as such does not appear at all in the equations.) Second, the equations cannot explain or even determine the price level at a given moment, but only over time. Third, Mr. Greidanus attacks Keynes' basic conception of Profits, denying that it can be "indifferent for the price of consumption goods whether these profits are wholly spent on consumption goods, partially spent on them, or not spent at all." He then shows that if Profits (Keynes' Q) be reintroduced into the equations for the prices of consumption goods and of investment goods, these equations reduce to meaningless truisms. Indeed (p. 182), the "whole system of equations collapses, for there remains nothing but this, that new investment is paid [for] by savings". Mr. Greidanus accounts for the blind alley into which he thinks Keynes has gotten by the proposition that in point of fact I, the value of new investment, never consists exclusively of commodities, but also comprises money in some of its forms. Keynes has therefore succeeded only in restating, not in answering, the fundamental problem about money (p. 193): namely, what leads people to prefer money to goods, or goods to

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money, at a definite price level. It will be interesting to see what reply, if any, Keynes makes to these contentions.

The second section of the book develops Mr. Greidanus' own "yield" theory of the value of money. This is an attempt to explain the value of money, and hence general prices, in terms of the advantages offered by the possession of money as versus goods; that is, in terms of marginal utilities, and of the yield that money is able to produce as an instrument of trade. The forces supposed to be in play are such elements as the value of their money stocks to consumers and to tradesmen, the demand for money as a means of discharging debts, and the like. This part of the discussion, however, does not seem to lead into very definite conclusions which can be used either for "practical" purposes, or to elucidate the more intricate problems of theory, and to the present reviewer is less satisfactory than the earlier sections. It indicates certain of the broad factors that determine the value of money, but does not show why these factors have the relative and absolute importance which they actually possess, nor what can be done to manipulate them for "control" purposes. A suspicion also recurs from time to time that Mr. Greidanus comes perilously near the old confusion between the value of money as such and the "value" (in terms of capitalized anticipated earnings) of that saving which it, during one phase of the saving and investing process, embodies.

JAMES W. ANGELL

Tariffs: The Case Examined by a Committee of Economists under the Chairmanship of Sir William Beveridge. New York and London, Longmans, Green, and Company, 1931.—xi, 300 pp. $2.00.

It is difficult to imagine a question of deeper significance to economists, statesmen and the general public than the problem of tariffs which is so ably presented in the little volume under review by a distinguished group of British economists under the enlightened leadership of the Director of the London School of Economics and Political Science, Sir William Beveridge. Among the innumerable inconsistencies and paradoxes of the postwar economic and political entanglements none is more striking and more puzzling than the policies followed by the nations of the world in the field of tariffs. The distinct movement in favor of reducing the trade barriers, which had reached unheard-of proportions in the years immediately fol-

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lowing the war, crystalized itself in the decisions of the World Economic Conference held in Geneva in 1927. This much-advertised gathering of representatives of some fifty nations and of a large body of distinguished international experts passed unanimous resolutions which called for the gradual reduction of the trade barriers. It seemed as if the tide of tariff legislation had reached its highest point and a new era in the trade relations of the world was about to begin. The opposite, however, proved to be true, and while the applause won by the Conference had not even had time to die away, practically every country proceeded to reinforce its protective wall, not only by general and partial upward revisions of its tariff, but also by such measures as import quotas, licenses and outright prohibitions. The whole process culminated in the abandonment by the United Kingdom of its traditional policy of free trade and the adoption, first, of a provisional and, later on, of a permanent tariff. A recent writer (P. W. Bidwell, *Foreign Affairs*, April, 1932) rightly remarked that "the year 1931 will stand out in the economic history as the great year of protectionism."

In this atmosphere overloaded with economic nationalism in its most aggressive form, the vigorous and clear-cut restatement of the free-trade doctrine, by Sir William and his associates, comes as a welcome relief. In the words of the authors themselves "the aim of this volume . . . is exposition and criticism, rather than the breaking of new ground in science. It is addressed to general readers, as a contribution to their judgment on a political issue of the day, rather than to professional economists." And the authors remark with praiseworthy modesty that to economists "most of the book will seem a repetition of platitudes." This is certainly an understatement of the real value of the book. Under the able pen of Sir William and his associates the venerable doctrine of Adam Smith reasserts itself with new and surprising force. By restating the principles of free trade within the limited space of some three hundred pages and by meeting with unfailing logic and restraint the most recent arguments in favor of any form of protection, the authors of this volume have not only put in the hands of the general reader an admirable instrument which will guide him through the intricacies of the tariff controversy and help him to form an independent judgment on one of the burning problems of the day, but they have also made a very real contribution to the science of economics which no professional economist can afford to overlook.

Written by British economists at a time when the tariff question

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was one of the chief issues in British politics (the volume was in press in September 1931 when the pound sterling went off the gold standard), the volume naturally deals largely with the British aspects of the problem. The erudition of its authors, however, is so great and their approach and treatment so broad and comprehensive, that their argument and conclusions apply to every other country.

The volume opens with a general statement of the peculiar difficulties in which Great Britain found itself after the war and enumerates the chief factors which in the opinion of many call for the revision of the free-trade policy followed by the country during the last ninety years. Among these factors three are of particular importance: the worsening of the general economic position of Britain; the growth of economic nationalism in every part of the world; and the growing interference of the State with individual freedom in every field. None of these changes, which are conceded, are in the opinion of Sir William and his associates sufficient arguments to force Great Britain into the road of protection. In order to prove their point they examine the machinery of international trade and the nature of tariffs. They then analyze and reject one by one the chief arguments in favor of protection advanced by their opponents: the standard of life and equalizing of cost argument; protection as a cure for unemployment; Mr. Keynes's argument in favor of a tariff as an instrument of international equilibrium; the protection of infant industries and the allied doctrine of Lord Melchett and Sir William Morris that tariff is a method for bringing about the rationalization of industries and mass production; the imposition of tariffs as a measure of retaliation and as an instrument for securing better terms of trade and, eventually, a lowering of the tariff wall. Special chapters are devoted to the much discussed and grossly exaggerated question of dumping, to imperial preferences, to agriculture, to tariff for revenue, to the practice of tariff making, and to quotas and import boards. It will appear from this brief enumeration that the discussion covers a very wide field. It is carried on a very high plane and, to the present reviewer at least, the conclusion reached by the authors seems unanswerable. This conclusion is that "Britain, having decided nearly ninety years ago to merge herself in world economy, has a vested interest in international trade, as large, as free, as various as possible, surpassing all her other interests."

The abandonment of free trade by Great Britain took place after the publication of this volume. All those who, like the present re-

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viewer, believe that the British Empire is one of the greatest, if not the greatest, civilizing forces in the world, on whose future largely depends the progress of mankind, will follow the economic history of that country with the closest attention. To the proper understanding of this history Sir William and his associates have made an invaluable contribution.

MICHAEL T. FLORINSKY

COLUMBIA UNIVERSITY

The Problem of Unemployment. By PAUL H. DOUGLAS and AARON DIRECTOR. New York, The Macmillan Company, 1931. —xix, 505 pp. $3.50.

Unemployment Insurance in Great Britain. By MARY BARNETT GILSON. New York, Industrial Relations Counselors, Inc., 1931.—xiii, 560 pp. $5.00.

Unemployment Benefits in the United States. By BRYCE M. STEWART *et al.* New York, Industrial Relations Counselors, Inc., 1930.—xviii, 727 pp. $7.50.

Douglas and Director provide an extremely useful and convenient summary of recent material concerning unemployment, which will and should be much used by those wishing to obtain a conspectus of contemporary discussions and investigation. The chapters dealing with the movement for the establishment of public employment offices in the United States are especially valuable. In their estimates of the volume of unemployment the authors adhere to those originally made by Douglas in 1930, despite the weighty criticism to which these figures have been subjected. But it is surely misleading to cite the results of the censuses of 1889 and 1899 as giving "a considerable degree of corroboration" to the Douglas estimates on the ground that the latter's figures for manufacturing and transportation are but 1.1 and 2.1 per cent more than the census averages for the two years respectively (p. 30). Actually the census unemployment percentages are 4.5 in 1889 and 5.6 in 1899, where Douglas's are 5.6 and 7.7. Most statisticians would describe Douglas's figures as being 24.4 and 37.5 per cent above those of the census.

Inevitably the wide scope of the book prevents the authors from fulfilling the second of their objects, namely, "to indicate what are the most promising lines of inquiry and by what means definite results could best be reached". This failure to penetrate far into

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the subtleties of the problem at issue can be illustrated by their treatment of unemployment insurance. They deal with the objection that the available statistical material offers an inadequate basis for actuarial calculations, but fail to tackle the more serious difficulty that the most perfect statistics describe only the unemployment of the past. Unfortunately it cannot be inferred that the unemployment of the future will resemble in intensity and duration that of the past, and hence attempts to provide adequately by an insurance scheme for a volume of unemployment even greater than has yet occurred may throw an unnecessarily crippling burden upon industry. This failure to emphasize the implications of the limited ability of an insurance scheme to meet the costs of all types of unemployment, perhaps explains why in discussing the finances of the British system the authors relegate to a footnote the very important modification made in the insurance principle when in 1930 the Treasury assumed full and direct responsibility for the payment of "transitional" benefits (i. e. benefit to those whose claims would no longer be met if the strict actuarial relations were preserved).

Again, their discussion of the claim that insurance impedes desirable downward readjustments of wages, implies that the problem is mainly one that concerns the export trades, whereas the real difficulty is much more fundamental and would remain even if all countries adopted unemployment insurance. It is of course the problem of the essential compromise involved in all proposals for more equitably distributing the costs of social disorganization: namely, how to relieve the incidence upon individuals without committing the community as a whole to the payment of an assured minimum income to what may be an unlimited percentage of the population for an indefinite period of time, irrespective of the general level of money incomes and prices or the general level of productivity. Circumstances may arise in which economic readjustment may involve pressure not merely on some workers to transfer from one occupation to another, but on all workers to accept a lower level of money, or perhaps even real, wages. The difficulty is only partly avoided by limiting the period for which benefit is paid to contributors as a right, for a prolonged and serious depression affects not only the duration of unemployment among individual workers, but also its incidence among the population as a whole. Hence revisions of the *amount* as well as of the *duration* of a benefit may have to be provided for.

Even Miss Gilson's comprehensive study of the British system fails to throw much light on this wider problem. She does, how-

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ever, deal very fully with one aspect of it: namely, the question of labor mobility, and the valuable material in her chapters on this subject and on malingering should do much to dispel many current illusions concerning the supposed immobilizing effect of unemployment insurance. Her book, which is likely to remain the standard work on unemployment insurance in Great Britain for some years, covers a tremendous field. She not only describes the system as it at present operates (by no means an easy task in view of the constantly changing legislative and administrative provisions) but also, realizing that the believed success or failure of the British system will inevitably influence American policy, she has tried to indicate how far it has met the human costs of unparalleled unemployment since 1920, and to investigate some of the more common charges made against the operation of compulsory unemployment insurance. In so doing she has made first-hand studies of some features of the British system, such as the schemes set up by individual firms additional to the state system, and she coördinates a great deal of hitherto scattered material concerning the irregularity and duration of unemployment, the administration of the Acts and the relation of poor relief to the insurance system, training schemes and the unemployment benefit schemes of trade unions. Her account is accompanied by an invaluable series of tables and statistics which make available in convenient and accessible form practically all the statistical data relevant to the operation of the system that was available prior to the hearings before the Commission of 1931.

Criticism of so comprehensive a study must be confined to matters of arrangement and emphasis. The book does not make easy reading, and Miss Gilson might have assisted her readers by indicating more frequently the direction in which her arguments and facts were leading. Much of the material in the purely descriptive chapters on the extent of unemployment and the administration of the Acts would have been more illuminating if introduced into the chapters dealing with such problems as the economic nature of unemployment or the extent of mobility and malingering. Readers who are not familiar with the general problems of the British system would do well to read first Miss Gilson's concluding chapter, which is arranged in a manner that might with advantage have been followed in the body of the book.

Miss Gilson's book is the second of a series on unemployment problems of which its sponsors, the Industrial Relations Counselors, may feel justly proud. In the first volume of the series, Dr. Bryce

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Stewart and his collaborators have brought together a mass of material relating to the unemployment insurance schemes of trade unions, of employers and of both jointly, in the United States. The method of presentation is unusually good, for the book is so arranged that the reader can obtain as much or as little detail as he desires. The first section summarizes the experience of the various schemes, and leads up to the conclusion that this type of attack upon unemployment can be of but limited significance. Part II contains detailed descriptions of the existing schemes grouped according to type. In each case an attempt is made to set the background, to give a complete picture of the present provisions, and in analyzing its experience, to account as far as possible for the results observed. The whole study provides an indispensable reference work for students of voluntary experiments in meeting the costs of unemployment.

E. M. BURNS

COLUMBIA UNIVERSITY

Fontes Juris Gentium. Edited by VIKTOR BRUNS. Series A. Sectio 1, Tomus 1: *Digest of the Decisions of the Permanent Court of International Justice*, 1922-1930; Tomus 2: *Digest of the Decisions of the Permanent Court of Arbitration*, 1902-1928. Sectio 2, Tomus 1: *Decisions of the German Supreme Court Relating to International Law*, 1879-1929. Published for the Institut für Ausländisches Öffentliches Recht und Völkerrecht by Carl Heymanns Verlag, Berlin, 1931.—xlvi, 260; xxiii, 306; xxxii, 943 pp. Rm. 36, 21, 61.

International law has long suffered from an inaccessibility of raw materials. It is often said that no rule of international law on a given subject exists when the truth is merely that the data on which to base such a conclusion or its converse is unavailable. In the field of American private law a vast and highly organized series of digests and indices makes available a store of legal information which otherwise could not be drawn upon. In international law, Moore's *Digest of International Law* has been almost unique; no other state has published its equivalent. Recently there has been great progress. McNair and Lauterpacht's *Annual Digest of Public International Law Cases*, Moore's new series of *International Adjudications*, Hudson's *International Legislation* and the League of Nations' preparatory documents for the First Conference for the Progressive Codification of International Law are all of great significance.

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Great contributions are also being made by the Research in International Law of the Harvard Law School. Probably the most ambitious of all these ventures is initiated by the three volumes considered here which are appearing under the general editorship of Dr. Viktor Bruns, Director of the Institut für Ausländisches Öffentliches Recht und Völkerrecht at Berlin.

Professor Bruns outlines the plan in his introduction to these first volumes. There are to be four series: (1) "a systematic digest of the decisions and opinions of international courts" and a similar digest of the decisions of the highest national courts of the most important states; (2) a digest of diplomatic correspondence and similar state papers; (3) a digest of opinions and decisions of international organs other than international courts such as the Council of the League and League Commissions; (4) a digest of treaty clauses. The editor of this series seeks a "greater degree of objectivity" for research in international law. He is careful to point out that this series of digests in general is not, as is Moore's *Digest*, a compilation of source materials which can take the place of resort to the original documents; it is merely a guide to an unwieldy amount of material. Dr. Bruns says that "The most important question for the theory and practice of international law is to ascertain the positive rules which make up this juristic system." His approach is thus essentially positivistic, but he attacks the prevalent positivistic tendency to "glean rules of international law direct from the statements of the governments of the individual states. . . . Such a proceeding confuses the interested statement made by one party with the rule of a legal system." He compromises with the positivistic approach by seeking to evolve a legal system "by observing international practice", but with the point of view that the system evolved must be "reasonable, legal in character and especially suited for ordering the common life and intercourse of states with one another". The *Fontes Juris Gentium* is designed to afford a survey of international practice, but the editor would have the student subject the practice to a test of reason before asserting a rule of law.

In general the scheme of the series is to reproduce extracts from actual texts. The editors recognize the difficulty of taking brief passages from the context and warn the reader against using the digest alone without subsequent resort to the original documents. The editors have very wisely not sought to improve upon the usual classification headings and the reader is thus able to find his way easily through the indices. The indexing system in such a work is

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of primary importance and here it has been skilfully done. There is a full descriptive Table of Contents with numerous subtitles which are used as catch-word headings for pages and sections. In addition there are good subject indices in which the important principle of several entries with cross-references is well observed. For example, if one is interested in the views of the Permanent Court of International Justice on the doctrine of *rebus sic stantibus*, the sign-posts are ample. Under the index heading "Treaties" one finds two entries—"*clausula rebus sic stantibus*" and "*rebus sic stantibus*"; Under the heading "*rebus sic stantibus*" is a cross-reference to "*clausula, etc.*"; under "Conventions, international", is a reference to "Treaties"; if one looks at "International treaties", one is referred to "Treaties". This example taken at random is a fair illustration of the thoroughness of this vital part of the project. There is also an index under the names of the cases from which digests are taken so that a point may be traced by reference to the case in which it appeared. The general subject index does not cover "case names" such as "Eastern Carelia", "Mosul", "Chorzow", etc.

The classification of the series is rather elaborate. Series A, Sectio 1, Tomus 1, is published in two parts—Fasciculus 1 and 2; these Fasciculi are, however, consecutively paged and presumably would be bound together. Tomus 1 is devoted to a digest of the opinions and judgments of the Permanent Court of International Justice. Tomus 2 of Series A, Sectio 1, covers the nineteen decisions of the Permanent Court of Arbitration and the Special Agreements under which the cases were referred to the Court.

Series A, Sectio 2, Tomus 1, in two Fasciculi, deals with the decisions of the German Supreme Court from 1879 to 1929, in so far as these relate to international law. Here, a slightly different system is followed. This volume "was intended as an offering from the Institute for Foreign Public Law and Public International Law to the Reichsgericht (German Supreme Court) on the occasion of its Jubilee (50th anniversary)". It is divided into two parts, of which the first is a digest, comparable in scheme to that used in Sectio 1 of this Series. Part Two contains the full texts or full extracts from the texts of the decisions which are digested in the first part. These decisions are arranged chronologically and are consecutively numbered so that cross-reference to the two parts is easy. In the second part the original German texts only are given without translation. Four hundred and twelve decisions are reviewed, of

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which 76 have never before been published in detail. In this volume the editors have very properly "not restricted themselves to decisions which deal with questions of international law . . . but have also taken into consideration such cases as show the effect of international legal relationships on domestic affairs and others which pronounce on facts, domestic in themselves, but which are capable of being considered from the point of view of international law." In addition to the usual indices, this volume also includes an index to treaties cited in part 2; this is the least useful index that appears in the whole series since the dates of the treaties are not given and there appears to be no alphabetical or chronological guide to its use.

The general principle of the series is to make the material available in German, English and French. This is the rule followed for prefatory notes, catch-word headings, titles and indices. The extracts from the decisions of the Permanent Court of International Justice are given only in the official French and English versions. For the Permanent Court of Arbitration, all three languages are used. For the decisions of the German Supreme Court, the extracts are reproduced trilingually, but the full quotations, as already noted, are only in the original German text.

Scholars from several countries have assisted in this great task. While Dr. Bruns is the general editor, the "management is in the hands of Mr. Ernst Schmitz". The special editors for Volumes 1 and 2 of Sectio 1 are Mr. Schmitz, A. H. Feller and Berthold Graf Stauffenberg. For the decisions of the German Supreme Court, they are assisted by Eduard von Schwartzkopfen and Joachim von Elbe.

The subsequent volumes of the *Fontes Juris Gentium* will be received by international lawyers with the same warm and grateful applause which greets the current volumes.

PHILIP C. JESSUP

Combines and Rationalisation in Germany 1924–1928. By D. WARRINER. London, P. S. King & Son, Ltd., 1931.—vii, 226 pp. 10s. 6d.

Dr. Warriner has produced a more stimulating study of industrial organization than has appeared for a long time, largely owing to her emphasis upon the phenomena of industrial development and the relation thereto of the forms of industrial organization.

Monetary inflation in Germany having stimulated investment in

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equipment, stabilization revealed a serious excess of such equipment and a number of amorphous "Concerns" representing businesses financially interrelated but lacking central interest or control. Capitalist industry responded to the contraction of the markets in the older industries with rationalization, which Dr. Warriner defines as the regrouping of industrial units preliminary to plant reorganization by scientific management, standardization and specialization planned for an industry as a whole. This readjustment revealed the peculiar qualities of the various forms of industrial organization. "Concerns" remained important so long as there persisted a shortage of working capital, which they economized. Horizontal combinations, at first resorted to as a means of access to the newly opened capital market, later proved effective rationalizing agents, even where they did not command a whole industry. Cartels, revived as a means of unifying production policy, were adequate where the market was expanding or where no improvement in organization appeared possible; but though an appropriate preliminary to reorganization they were generally unsuitable for carrying it through and often hindered it. The cartel consisting of a few large combinations internally reorganized was the most effective rationalizing agent except where the inertia of the industry necessitated action by the state to enforce cartel organization.

The consequences of the combination movement are of fundamental importance both theoretical and practical. Dr. Warriner concludes that the large industrial combinations have adopted a policy of "management" in industry complementary to, but ultimately incompatible with, "managed" finance. "Management" aims at a normal profit, prices being stabilized on the basis of long term plans and set at a level that will cover the cost of closing down old industries and setting up new ones. Large firms in older industries develop new industries out of their own resources; they perform the function more swiftly and secretly than where resort is had to speculative stock issues, and undertake the risk in place of the speculative investor. This management policy involves a far-reaching redistribution of functions between banking, commerce and industry and divorces prices more widely than ever from the cost of production of individual units of output.

Criticism and social control of this managed capitalism, which is emerging in the United States as well as in Germany, must, as Dr. Warriner contends, await an economic theory from which to start. The competitive theory, which regards the system of production as

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controlled through the market and ultimately by the consumer, finds no place for the cartel and combination movements except as frictional hindrances to the attainment of equilibrium. The breakdown of the American policy of trust control is largely attributable to the inadequacy of this theory upon which it rests. Theories such as that of Professor Schumpeter, which gives full place to the dynamic elements in the industrial system, particularly the innovating activities of the entrepreneur, must rest upon some interpretation of the entrepreneur spirit. Schumpeter's entrepreneur, motivated by the prospect of temporary monopoly profits from innovation, differs markedly, however, from those now appearing: the former represents the competitive capitalism of the nineteenth century and the latter the "managed" capitalism of the twentieth. Again theory provides no criteria for judging these developments and Dr. Warriner offers nothing more than the tantalizing remark that "it is not that capitalism has outrun democracy, but that democracy has no means of deciding what capitalism involves" (p. 158).

Dr. Warriner's book suffers from lack of clarity in both expression and arrangement; many incidental statements appear to be open to question and some passing references to America will raise eyebrows. Yet the general lines of the approach make the book one that should be commended to any student contemplating work in the field of industrial organization.

ARTHUR ROBERT BURNS

COLUMBIA UNIVERSITY

Le Crédit par acceptation: Paris, centre financier. By PIERRE-BENJAMIN VIGREUX. Paris, Marcel Rivière, 1932.—xvi, 348 pp. 50 francs.

The peculiar financial situation in which France has found herself since the postwar stabilization of the franc has resulted in flooding the French money market with funds whose normal outlets are closed. The customary volume of French saving has been accumulating, but the French investor, after his experience with Russian bonds, is less willing than formerly to buy foreign government issues. Moreover, since the Oustric affair, finance ministers are chary of authorizing foreign industrial issues. But French savings account for only a part of the funds in the money market. The stability of the French franc has attracted an enormous amount of foreign capital into France.

The impossibility of using these funds in long-term investments,

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and the paucity of available short-term investments, has created a demand for the development of an acceptance market at Paris. This demand has been strengthened by the national pride in the stabilization of the franc which now looks forward to the establishment of Paris as a world monetary center, equipped to take its place beside London and New York. As one of the first steps in this direction, the Banque Française d'Acceptation was created in 1929 to increase the supply of first-class bills. Its capital was subscribed by the large banks of the city, and it was sponsored by the Bank of France. A discount house was also organized with the backing of the Bank of France, but in this case the commercial banks foresaw a possible competitor and were less ready to coöperate. The Bank of France also changed its own rules in order to permit the lengthening of its discount hours and the privilege of rediscounting with repurchase agreement. The government did its part by repealing the tax on exchange operations and reducing stamp taxes on acceptances. It was recognized that an acceptance market could not be created overnight, but it was hoped that with the ground thus carefully prepared its growth would be steady.

The task which M. Vigreux sets himself in the book under review is to evaluate the progress already made and to point the way to future improvement. His actual banking experience in both London and Paris gives him the necessary technical background, while at the same time his academic training permits him to take an objective view. The first part of the book consists of the history and present operation of the acceptance markets of London and New York, with the principles of sound acceptance financing which have been developed from that experience; in the last part of the book these principles are applied to Paris.

The sections devoted to the London market form one of the best existing descriptions of that type of business. The functions of the discount houses are described in detail; sample pages from their books of account illustrate their methods, and their economic function as credit specialists is clearly presented.

In discussing the acceptance market at New York the author points out that it was not a slow evolution like that of London, but a conscious creation, like that of Paris. In the United States, however, the motive was to improve the internal credit situation, while at Paris the motive is to facilitate foreign credits and thus disgorge the market of funds. He indicates the danger for the American market of the preponderant influence of the Reserve banks. Although

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he believes it to be entirely normal for the central bank to have the right to buy bills which are offered to it, he is opposed to aggressive open market policies and operations of central banks. In this he follows conservative French banking opinion; the French minister of finance recently referred to open market operations as an "Anglo-Saxon error".

If the acceptance at Paris is to become a vital part of the money market, it needs first of all to be more widely advertised, and for this M. Vigreux recommends the formation of a French Acceptance Council for educational and publicity purposes. But most important of all, the banks should show a greater willingness to extend credit in the form of acceptances; and a greater willingness to coöperate in the formation and operation of discount houses, in order that the market may be stabilized and a genuine "market rate" for bills established. Here is the crux of the problem, although the author is too politic to place the full responsibility where it belongs. The Bank of France has done and is doing all that is possible, and it has unusual facilities for aiding the market because it is permitted to rediscount even for foreign banks in Paris. But until the large commercial banks realize that in the long run they will gain by the creation of discount houses which are specialists in their field; that the loss of one-eighth of one per cent paid in commissions will be compensated by the enlargement of investment opportunities and the increased stability of the market, little progress will be made. The business of banking in Paris will continue to be largely a matter of buying Treasury notes and borrowing on them in order to buy more, a form of running around in a circle which has little to do with financing the needs of trade and industry. It is to be hoped that M. Vigreux's admirable volume will have the influence it deserves.

PARIS MARGARET G. MYERS

British Trade and Industry. By G. D. H. COLE. London, Macmillan and Co., Ltd., 1932.—xxiv, 466 pp. $5.00.

Mr. Cole's new book is highly significant evidence of the change which is now taking place in English socialism. Although Mr. Cole safeguards himself by stating that this may be the last book which he will write under the *ancien régime* and before the deluge, actually it is concerned with the problems of capitalism and of revisionist socialism against the specific and limiting background of British industrial conditions. Unlike the first two phases of Mr.

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Cole's work, exemplified by *Guild Socialism Restated* and by *Social Theory*, in these able pages, as in *The Next Ten Years in British Social and Economic Policy*, he descends into the local and particular. The effect of Labor's experience in the responsibilities of office is stamped all over this recent work which, even in its hesitations, is realistic.

It is noticeable that, unlike Messrs. Graham and Henderson and members of the Liberal-Labor school, Mr. Cole is skeptical, not only of free trade as part of the present tactical policy of Socialism, but even as a theoretical ideal. The "pulling down of all tariff barriers would certainly result in a large total of world exchange across frontiers, and possibly in an increase in the total world production of wealth. But it might do this at the cost of impoverishing some countries while further enriching others." Needless to say Mr. Cole's thesis is not in favor of tariffs but of a third policy of rational planning and of trade control under public supervision. The public indeed is a national public; the question of an international socialist bloc is not considered; and it is arguable that he sometimes thinks to an unreal extent in national terms. "Americans can never really receive back a single penny of the sums which they invest overseas"—but particular citizens of the world, financiers or great industrialists such as Mr. Ford, may grow even more powerful than they are. Mr. Cole, however, rightly fastens on the maintenance of the standard of living—which must remain for any field of practical reference, a local standard—as the prime problem for the workers. To average, under the name of fraternity and internationalism, the standard of all workers even to that at present attained in Russia would mean a gross reduction of standards which even competitive cutting by capitalism of labor costs could scarcely outdistance among the workers of Britain and America. The moral would appear to be regional trade control coupled with international conventions based on a common social philosophy. Mr. Cole, incidentally, shrewdly points out that it is the rentier, rather than the worker, who thinks in consumer's, and in typical free-trade, terms.

In a chapter entitled "The Parting of the Ways", Mr. Cole does not deny that capitalism could be set on its feet again, but doubts the will to do it. Mr. Cole enumerates eight conditions of rehabilitation—about which conditions there is indeed in the responsible political world today probably astonishing agreement on principle. First, international collaboration among bankers and industrialists. Secondly, cancelation of war debts and reparations. Thirdly, inter-

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national effort to stop the fall in prices. Fourth, real disarmament. Fifth, abandonment on the basis of international agreement of all efforts to cut wages. Sixth, organization of external trade on a basis of real exchange of goods instead of uncontrolled speculation in terms of money counters. Seventh, stimulation of home industrial development. Eighth, the placing of production and distribution under some form of planned and unified control in the interests both of home efficiency and of international negotiation. In brief, we are faced with the paradoxical conclusion that, if capitalism, with its profit motive, is to live, it must be on internationalist lines; and that it is only socialism, despite its internationalist tradition, which can carry on, thanks to its service motive, in a nationally and regionally divided world. Mr. Cole is to be thanked for having conducted us, in a book which so excellently states from intimate knowledge the contemporary problems of Britain, to the threshold of that argument.

GEORGE E. G. CATLIN

CORNELL UNIVERSITY

Dynamite: The Story of Class Violence in America. By LOUIS ADAMIC. New York, The Viking Press, 1931.—x, 452 pp. $3.50.

The General Strike. By WILFRID HARRIS CROOK. Chapel Hill, University of North Carolina Press, 1931.—xvi, 649 pp. $6.00.

These books, the first directly and the second indirectly, recall to us again that while the American class struggle is and has been for a century the most violent in the world, the American labor movement is lacking in a philosophy of violence and a conscious policy of force. Mr. Adamic with the skill of a born story-teller traces the tale of violence, killing, bombing, destruction and judicial murder by employers, unions and the state from the beginnings of trade unionism in the 1830's to the development of the rackets of the 1930's. The Molly Maguires, the Great Riots of 1877, the eight-hour strikes, Haymarket, the Debs Pullman strike, the Idaho murder which brought Borah and Darrow into the national lime-light, the rise of the Wobblies, the McNamara case, Centralia, Mooney and Billings, Ludlow, Sacco and Vanzetti, the steel strike of 1919—these constitute the subject matter of this volume.

The McNamara case, for the inside story of which one must turn

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to Lincoln Steffens' *Autobiography*, marked a turning point in both the nature of class violence and the character of the American labor movement. Violence, which had been used directly by the unionists themselves as a necessary weapon to combat the forces of capitalist society arrayed against them, now came to be officially frowned upon by the labor hierarchy. The labor movement, which had been active, hard-hitting and militant, became conciliatory and openly espoused the philosophy of capitalism, outdoing the capitalists themselves in voicing its loyalty to the existing order and shouting anathemas on socialists and radicals. But the facts of the class struggle remained. The unions still had their interests, i. e. the control of the skilled labor market, to fight for. The bosses freely used gunmen and gangsters against them, so the unions proceeded to meet the bosses on their own ground with their own hired gangsters and gunmen. Quick to see that the system offered them a source of rich profits, these hired gangsters, merely for what they could get out of the game, "muscled" their way into control of the organizations so that labor became the victim of a racket. Violence, which had been an instrument of crude social idealism, became a sordid and criminal business, indiscriminately used by capital, labor and politics, without intentional threat to the social order. But the very racket itself, says Mr. Adamic, is a phase of the class struggle and must be explained in its terms. This explanation is probably the most important contribution of the book. The able, resourceful, strong and ruthless members of society, the author shows, can no longer build and combine great railroads and industries as in the nineteenth century. Neither can they start as laborers and rise to be corporation presidents. Organized crime and racketeering offer an outlet for their energies. The ablest racketeers, according to Mr. Adamic, enter the profession with their eyes open, insisting that the methods they use to obtain the good things of life are little different from the methods by which the Rockefellers, the Morgans, the Harrimans and the Goulds crushed their competitors and made their fortunes.

And what is to be the outcome of all this, with half the labor movement the victim of a racket and all of it without a program and devoid of social outlook? The prospect for the immediate future at least, says Mr. Adamic, seems to be more violence.

But clearly more violence of the kind which has marked the history of the American labor movement is futile. Force which is sporadic and without organized social direction will not solve social problems. Yet Professor Crook, in his thorough case study of the

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general strike, concludes that even the organized stoppage of labor in the leading industries of a city, or of a nation, may solve no more problems than slugging or dynamiting.

Professor Crook describes the conduct and tactics of every important general strike from the days of the Chartists to the Spanish revolution. He classifies these strikes in three categories: (1) political strikes, which aim to wrest concessions from the government; (2) economic strikes, which aim to wrest economic concessions from employers; (3) revolutionary strikes, which aim to overthrow the government and establish a new social order. Had Professor Crook organized his subject matter so that political strikes were treated in one section, economic in another and revolutionary in a third, it is probable that more analysis and comparison would have resulted. But he chose instead to organize his material geographically. The result is thorough and detailed description—and, incidentally, the best account we have of the British general strike of 1926—but little generalization and discussion of implications. Professor Crook concludes that while the general strike has its value as a "permanent warning to governments and classes that are incapable of recognizing a sentient and intelligent humanity under the myriad overalls of the working class", it is nevertheless an exceedingly dangerous weapon for labor. The chance of success against increasingly well organized citizens' defense groups and powerful governments will, he thinks, be less and less "unless the brutal logic of revolution is faced". Nothing demonstrates this more clearly than the British general strike, which the leaders called off at the height of its strength because they were afraid that the rank and file might get out of hand and carry the strike through to a revolutionary conclusion. The general strike, in short, no matter what its immediate cause or purpose, is a weapon with revolutionary implications. Defeat might well mean reaction, setting back the advance of labor for years. Victory might mean the overthrow of the social order, something which the ordinary trade-union leader does not want, for it would cost him his job.

Although this book is subtitled "A Study of Labor's Tragic Weapon in Theory and Practice", it contains very little theory. That is its great weakness. The general strike is the very heart of the theory of labor action. Professor Crook would have made a far more significant contribution if he had attempted to assess the meaning of the facts which he sets forth.

STERLING D. SPERO

NEW YORK CITY

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BOOK NOTES

Sir Josiah Stamp's latest volume—*Papers on Gold and the Price Level* (London, P. S. King & Son, Ltd., 1931; x, 127 pp. 7s. 6d.)—is in the main a reprint of short articles and addresses composed over the last three or four years. Its central thesis, expressed in the opening paragraph, is that "the problem of the price level is the most important single problem of our age"; and that the costs of fluctuations in prices are so great that modern societies should bend every effort to secure at least long-period stability in prices (pp. 6, 33, *et al. passim*). Sir Josiah's chief concern in the present papers is educative: he is striving to get these primary theses clearly established in the minds of his hearers and readers, especially among the business and banking groups, and thus to develop a public opinion that will insistently demand price stability of its leaders. He is therefore occupied only secondarily with the question of where price fluctuations come from, and of what can be done to alleviate or prevent them,—although he joins the general chorus in attributing (pp. 42 *et seq.*) a large share of responsibility for the present world depression to the increasingly uneven distribution of gold, and to the fall of prices which was to be "expected" as a consequence. The papers are clearly and effectively written, and it may be hoped that they will gain wide currency among those "practical" persons who still regard general price changes as primarily a matter of academic interest. To the specialist in such questions, the essay on taxation and the price level may also be commended for consideration; though not all would agree that (p. 77) "the price level is practically unaffected by high income taxation." Sir Josiah's effort here is to show that such taxation does not *raise* prices. It would be equally interesting to see his defense of the proposition that it does not *lower* them, in consequence primarily of its discouraging effects upon Mr. Keynes' "Enterprise".—JAMES W. ANGELL.

Under the somewhat deceptive title *La Nouvelle Europe centrale et son bilan économique* (*1919-1930*) (Paris, Librairie Félix Alcan, 1931; 262 pp. 18 francs) Ernest Lémonon has added another volume to his numerous politico-economic studies. The scope of the present work is much wider than its title indicates. It is really a bundle of detailed studies of the interrelationships of politics and economics in Austria, Hungary, Czechoslovakia, Yugoslavia,

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Rumania, Poland and Italy. The conclusion of the "definitive" settlement of the "oriental" reparations at the second session of the diplomatic conference at The Hague in January, 1930 is taken as a good juncture to strike off a balance for the postwar decade. The examination of the struggle between Little Entente and Italian policy furnishes the guiding thread running through the whole volume. While the interpretation is generally quite orthodox from the Paris point of view, the facts are presented with great objectivity. The result is a volume that compares favorably with much of the literature on this subject and stands up well under the difficult test of the rapid changes in the wake of continued depression. The Little Entente is presented as a political lag from the era of organization and defense; the indications of two new groupings along the Danube and in the Balkans are traced by implication rather than by direct marshaling of the material. The book is well written and will serve any student of the problems of the Succession States as an interesting introduction.—HARRY D. GIDEONSE, University of Chicago.

Professor W. Y. Elliott has expanded a course of lectures which he delivered at the Lowell Institute in the early months of 1931 into a volume entitled *The New British Empire* (New York and London, McGraw-Hill Book Company, 1932; xv, 519 pp. $5.00). The time was suitable for a commentary on recent events and tendencies in the empire; the Imperial Conference of 1930 had agreed upon the provisions, later incorporated in the Statute of Westminster, which seemed necessary to give full effect to the new Dominion status as proclaimed in the Balfour Report of 1926; and the first session of the Indian Round Table Conference had just come to a close. Professor Elliott devotes five of his eight chapters to the British Commonwealth, two to India, the dependent empire and countries outside the empire but under British influence, and one to the foreign relations and international position of the Dominions, the future of the "New Empire" and its relations to world peace. Not the least valuable part of the volume is a series of appendices which contain a number of important documents not easily accessible to students, among others, extracts from the proceedings of the Imperial Conference of 1930 and of the Indian Round Table Conference, and the official statement relative to the new seal of the Irish Free State. Though the author presents much factual matter in the text, he is interested primarily in generalization and interpretation. His principal aim is "to get the essence of the New Empire into comprehensible form, with a reasonable degree of insight into the main forces that move

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it or hold it stable." He is well informed on recent events, and many of his comments are interesting and appear to be well founded. His book is to be welcomed as a substantial addition to the interpretative literature on the new empire. Sometimes he is over-anxious to draw an analogy of doubtful validity, and sometimes a tone of academic "jazz", permissible perhaps in oral lectures, is apparent, as in what he has to say about the unicorn in the royal coat of arms as a symbol of the new Commonwealth. His use of the term "Commonwealth" as applying to the whole empire is not in accord with the best usage and is not to be commended, and it is strange that in his discussion of the dependent empire he barely mentions the recent and significant institution of the Colonial Office Conference. —R. L. SCHUYLER.

Under the title *The Written Constitution and the Unwritten Attitude* (New York, Richard R. Smith, Inc., 1931; 89 pp. $1.00) Charles E. Merriam has gathered together a series of lectures delivered at the University of Rochester under the James C. Cutler Foundation. In this little volume Professor Merriam has enunciated a series of propositions epitomizing his reflections on certain aspects of the political scene. Most interesting of these, perhaps, are those which relate to the re-allocation of political power in such a manner as to bring the boundaries of our political units more nearly into harmony with the lines of social interest and economic power. In this process Dr. Merriam believes "the emergent city may, as seen in the great metropolitan regions, find a position among the commonwealth of states." One can only regret that nowhere in the literature of politics has Professor Merriam set forth an analysis of the facts upon which he rests his convictions, or indicated in greater detail the line he anticipates this future development to follow.—S. C. WALLACE, Columbia University.

Professor D. Oswald Dykes of the University of Edinburgh has issued a *Source Book of Constitutional History from 1660* (New York, Longmans, Green and Company, 1930; x, 505 pp. $7.00). This is a collection of cases for the study of legal and constitutional history during an age that has been too little investigated, prefaced by an introduction of historical commentary suggested by the source material. Each extract that deals with a trial has a brief statement of circumstances under which the case arose. Such a volume is extremely useful, supplementing Robertson's *Select Statutes, Cases and Documents*, and is especially valuable for the recent materials which it contains on constitutional history. The extracts are organized into

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chapters, each devoted to a special theme: the Restoration Monarchy, the Revolution Settlement, and the like, closing with Personal Liberty and Habeas Corpus. This arrangement has decided advantages for class use since it easily permits, for example, of a more complete study of a whole theme by a class. Hardly any two teachers would choose the same topics and extracts, but the present selection would satisfy almost any one, for a time at least. The introduction is helpful and the author emphasizes what is sometimes forgotten, that the solution adopted of any constitutional problem is to be understood only by considering the dates and political conditions. If one peruses these entries one realizes anew how often the original document arouses more interest than a paraphrase by a historian. One may observe, too, how our belief in our modern constitutional arrangements hampers a fair consideration of the plans of Charles II and James II, how difficult it was to establish rules for the proper criticism of the government, how juries took their cues from judges, and how constitutional principles of significance might become established as a result of a faction fight and not from the desire to further national well-being. Some more modern extracts concerning Habeas Corpus and General Warrants might usefully be included.—SYDNEY K. MITCHELL, Yale University.

Professor S. Howard Patterson's *Readings in the History of Economic Thought* (New York and London, McGraw-Hill Book Company, Inc., 1932; xi, 745 pp. $4.50) is designed to be used as a textbook. His special effort has been to present readings from periods on which there is little literature and to include writers whose works are not readily available to students. The master works of Adam Smith, Ricardo and John Stuart Mill are omitted, so that these three great economists are designedly represented only by a few selections from their less important and less familiar works. Recent writers are likewise excluded, Simon N. Patten being a possible exception. Alfred Marshall and John Bates Clark have been omitted partly on the ground that their work is too recent and their present importance too great to permit of selection, and partly because "each has been a great system builder, whose economic philosophy seems to stand or fall in its unified entirety." The period covered is that from Smith down to Neo-classicism. Minor rather than major prophets are selected, on the ground that it is the older and rarer books, many long out of print, which should be made available by representative and illustrative passages. The various writers are classified by schools rather than chronologically, and

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selections have been made from "the point of view of English speaking students." For this reason, which strikes the reviewer as ill-founded, the British Historical School has been stressed rather than the German. With few exceptions, there is a brief but well-executed biographical sketch of each of the writers whose works are represented, and ten of the main characters are given added prominence by reproduction of photographic or portrait likenesses. The volume is an excellent piece of book-making and the selections are useful because of their suggestive and illustrative quality.—R. C. MCCREA.

Dr. Arnold Wolfers, in his study of American and German real wages entitled *Amerikanische und deutsche Löhne* (Berlin, Julius Springer, 1930; iv, 139 pp. Rm. 7.50), has used an interesting technique. Recognizing that changes in wages and living costs are sometimes in opposite directions in different countries during any given year, he has attempted to get a picture of relative American and German real wages in comparable periods by taking the same stage of the business cycle rather than the same year as his time of comparison. He contrasts wages in the United States in the years 1925-27 with wages in Germany from the summer of 1927 to the fall of 1928. The American data used are earnings statistics; the German, hourly rates. He found that American hourly *earnings* ranged during the periods studied from twice to four times as high as the hourly *rates* in similar German industries and occupations. American skilled workmen's wages averaged about three times those in Germany, while American unskilled workmen's wages were about 2¼ times those in Germany. The comparison of real wages in two countries is beset with difficulties. Differences in consumption among different peoples are in part due to other causes than differences in wages and prices. After surveying the difficulties, Dr. Wolfers decided to measure the relative welfare of the wage earners of the two countries by comparing the use and cost of the most important items in the worker's family budget: food, clothing and shelter. He reduced American wages to Rentenmarks; used the German prices as 100; and computed American costs into index numbers related to the German base. Some American food prices were found to be as low as German, but on the average food prices were from 80 to 90 per cent higher in this country. Clothing was much higher priced in the United States, but the American worker can clothe himself better even at the higher prices. Housing is difficult to compare as to quality, but American workers have more

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rooms and probably at least as good facilities. After the American worker has fed, clothed and housed himself better than the German worker, he has more than double the amount of cash left to care for his remaining wants. Against this, the German is protected by more social insurance, and his coverage by unemployment, sickness and old-age insurance is an advantage not to be lightly considered. Seeking the source of the American's higher real earnings, Dr. Wolfers does not find that it has been obtained at the expense of other classes of incomes, but rather in the limitation of immigration, the abundant natural resources, rapid industrial development and improving labor efficiency in the United States.—DON D. LESCOHIER, University of Wisconsin.

A study which throws much light on certain phases of the Far Eastern situation is *The American Tariff and Oriental Trade* (published for the American Council, Institute of Pacific Relations, by the University of Chicago Press, Chicago, 1931; 177 pp. $2.00) by Philip G. Wright. The book treats of the commerce of the United States with Japan and China and considers the effect of American tariffs upon this trade. Japan, having gone through a process of rapid industrialization, must now import foodstuffs to feed her population and must purchase raw materials to sustain her industries. Although at present she sells a large volume of raw silk abroad, mainly to the United States, yet she must import large quantities of other raw materials, chiefly cotton, wool, iron and coal. It is apparent that her ultimate success in foreign trade must come from adding value to raw materials through manufacture and from selling these manufactures in export markets. The more advanced the stage of manufacture of Japanese exports, the greater will be the advantage to Japan in the establishment of purchasing power abroad. Japan is, however, particularly vulnerable to loss through the raising of tariffs upon the commodities which she is attempting to sell. The possibility of higher tariffs in China is a source of danger to Japanese trade. The United States has dealt some blows to Japan through tariff increases. In 1922, the United States increased its duty on silk fabrics from 45 to 55 per cent. The rise was followed by a marked decline of Japanese exports of silk goods to this country, although at the same time Japanese exports of such fabrics throughout the world tended to increase. In 1930, Japanese merchants protested against proposed changes in the American tariff on the ground that the contemplated increases would throw out of employment large numbers of workers in Japan. Many of these

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changes were, nevertheless, incorporated in the Tariff Act of 1930. Rates were raised on earthenware, manufactured silks, tooth brushes and a variety of other products which were imported from Japan. In every case a substantial reduction of imports followed the increased duty. The author emphasizes the unfavorable effects of tariff increases on international relations and suggests that a general moderation of tariffs would be in the interest of good will. He suggests further that if the United States Tariff Commission should fairly apply the principle of an equalizing rate, attempting merely to remove the advantage of cheaper production abroad, the result would be a great improvement over the present system of tariff-making which seeks to satisfy the inordinate demands of the lobbies of all the producing interests. If such a principle were scrupulously adhered to, foreign nations would not have reason to object that their trade interests had been ruthlessly or arbitrarily dealt with. The book was not published with reference to the present crisis in the East; but the admirably clear-cut explanation of the Japanese trade problem helps to make clear the motives of Japan in attempting to seek a more balanced economy by acquiring a better position in Manchuria. The effects of American duties on imports from China are also discussed, although the consequences are not so important as in the case of tariffs on Japanese goods. China is a much more self-contained country than is Japan, and the changes in American tariffs do not have the same disturbing effect upon Chinese economic life as do similar changes upon the life of Japan.—BENJAMIN H. WILLIAMS, University of Pittsburgh.

Philip G. Wright's volume upon *The Cuban Situation and Our Treaty Relations* (Washington, The Brookings Institution, 1931; xiv, 207 pp. $2.50) is an exceptionally satisfying piece of analysis. Dr. Wright is concerned with the economic rather than the political status of Cuba. And he reaches the conclusion, after careful analysis of various statistical correlations, that Cuba's most important problem is to put the sugar industry on a safe and sound basis, or to become independent of the prosperity of that single industry for her life. Both the Platt Amendment and the Reciprocity Treaty have influenced Cuba's economic development, he finds. However, since 1909 the latter has been a negligible factor. And even the Permanent Treaty, while something of a guaranty to American enterprise of stable political conditions, has been less potent than world economic conditions. New investments, imports and exports rise and fall with the price of sugar; the sugar industry has ex-

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panded while others have until recently declined absolutely and relatively. Recent American tariffs have had a tendency to maintain a higher scale of prices in this country, and therefore to encourage the importation by Cuba of a larger portion of her supplies from other countries. Moreover, these tariffs, in their sugar schedules, have aggravated the sugar crisis. Dr. Wright also recognizes the great sociological changes which the rise of vast central estates has brought about in Cuba. The "occupation of Cuban soil by absentee owners and reduction of rural Cuba to a position bordering on selfdom" (p. 94) seems to him a serious matter. He speaks also of "economic despotism" (p. 172). But world forces have the absentee owners in their clutch as well as the Cuban people. Dr. Wright is dubious as to the long-run value of the Chadbourne plan for the Cubans, except as it diverts labor and capital in Cuba to other channels. He advocates a reduction in the United States tariff upon sugar. But he feels that if a fraction of the energy that has been applied to sugar were devoted to the development in Cuba of a home market for semitropical foodstuffs, the most significant benefits would be secured.—LELAND H. JENKS, Wellesley College.

The translation by Miss Mildred L. Hartsough of Professor Jacob Strieder's book, *Jakob Fugger the Rich* (New York, The Adelphi Company, 1931; xxvi, 227 pp. $2.50), enriches the Fugger literature available to readers of English. The present study is focused quite closely upon the figure of Jakob Fugger II and is, in fact, a brilliant full-length portrait of that remarkable merchant and banker. If the subject is conceived in heroic dimensions, and if the portrait seems all light and no shadow, the reasons must be sought in Fugger's stature and brilliancy as a man of affairs rather than in his sometimes small and shady dealings. The story of Jakob Fugger, in its Renaissance setting, is a magnificent business epic. The banker Fugger, like the warrior Roland, was a giant among men. Although much younger than his two brothers, he early assumed command of the business which had been left the three of them by their father. After his brothers had died Jakob dictated the articles of association according to which the brothers' sons might enter the business. The shrewdness with which he would spend money so as to reap large profits was the despair of his competitors. He lent high members of the clergy the money with which they bought their benefices. He corrupted princes and kings. He garnered concessions and created monopolies. The height of his magnificence was reached when he turned the course of political

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history by buying the Holy Roman Emperorship for Charles V, to the confusion of ambitious Francis I. And the personal traits back of his activities are equally striking. He always fulfilled his contracts. His stock answer to any who tried to dissuade him from a hazardous piece of business was that he wanted "to continue making a profit as long as he could." His many works of charity culminated in the building of the *Fuggerei*, a garden settlement for poor people, at Augsburg. This great benefaction was carried through because he was "born for the good of the city", and as an "example of special charity". There are other works on the Fuggers (e. g. Ehrenberg's *Capital and Finance in the Age of the Renaissance*) which illuminate more fully the economic, political and social conditions of the times. But as business (as distinguished from economic) history, and for its portraiture of the greatest epic figure of them all, this work of Strieder's is a valuable addition to the Fugger literature.—HORACE TAYLOR, Columbia University.

The Country Life of the Nation (Chapel Hill, University of North Carolina Press, 1930; xv, 214 pp. $2.00), edited by Wilson Gee, includes the addresses given before a round table of the Institute of Public Affairs of the University of Virginia in 1929. Dr. C. E. Allred of the University of Tennessee discusses "Wealth Retention in the Rural South" and compares the wealth retained by farmers in the South and in the Corn Belt. The movements of farm population are presented by L. E. Truesdell of the Census Bureau and E. C. Young of Purdue University. Edgar Wallace Knight makes a plea for a larger unit of rural school administration, and Fannie Wyche Dunn brings an indictment of the southern rural school for its lack of social vision, with scant appreciation of the constructive work of southern educational leaders. The most valuable section of the book is that on Country Community Life, including "Little Country Towns and What They May Do for Their Surrounding Trade Areas" by Newell L. Sims, of Oberlin College, and "The Opportunity of the Small Town: A Study of Town and Country Relations" by J. H. Kolb of the University of Wisconsin. The first of these gives concrete suggestions for bettering farmer-village relations, and the second shows the services which are distinctive functions of villages of various sizes and the constituencies necessary for their support. The other addresses might be interesting as a basis for discussion at a round table, but present little new information and few challenging points of view.—DWIGHT SANDERSON, Cornell University.

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Every person interested in the history of American civilization is under obligation to Frederic Bancroft for his recent volume entitled *Slave-Trading in the Old South* (Baltimore, J. H. Furst Company, 1931; 415 pp. $4.00). The fruit of years of meticulous research, it traces in considerable detail practically every aspect of the domestic slave trade in the Southern states from colonial times to the outbreak of the Civil War. The importance of slave-rearing, the leading slave-markets, the methods of sale, slave-hiring, the factors governing prices, transportation of chattels, the criminal slave, the legal restrictions and regulations affecting slave traffic and the slave-traders and their social status are features especially stressed. In his concluding chapter Dr. Bancroft, though frankly acknowledging that he is handicapped by the lack of reliable data, attempts to estimate roughly the number of slaves sold and their value for an average year during the fifties. The volume abounds in quotations from source material and the extensive footnote references further enhance its value in this respect. The two dozen or more illustrations really illustrate. Not only does this book admirably supplement such volumes as Professor U. B. Phillips' *American Negro Slavery* and *Life and Labour in the Old South*, but, quite independently, it constitutes a distinct contribution to the historical literature dealing with the antebellum South. — H. J. CARMAN, Columbia University.

The George Washington Bicentennial has already brought forth a long list of publications of varying degrees of merit relating to the "Father of His Country". Paul Van Dyke's *George Washington, The Son of His Country* (New York, Charles Scribner's Sons, 1931; 310 pp. $2.50) reverses the title. With the plethora of such studies, historians and biographers seem to have nothing left for their pens but "The Too Wellknown Washington". After glancing at the heading of chapter i, "The Call to Immortality", one is inclined to shy away from this volume, but reassured by the author's reputation further investigation whets one's curiosity and gives one a different if not a new perspective. Washington is portrayed as emerging from a frontier American background which so fashioned him as to prepare him for effective leadership in the critical epoch as commander-in-chief and as president. In nineteen rather well written chapters there are presented Washington's childhood, youth, young manhood and manhood as revealed mostly in his diaries and letters. Perhaps too much space is given to colonial military affairs, in which Washington holds the center of the stage as "The Frontier

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Fighter", but this over-emphasis is offset by four excellent chapters on Washington's career as a typical southern planter and land speculator. The social, religious and cultural aspects of his life as a country gentleman in Virginia are presented with a scholarly discrimination. "This book tries briefly to untangle what came to him from environment and what in him was superior to environment." The author has little interest in proving that he was not what some persons have believed him to be. "Uncertain anecdotes" are eliminated although he thinks that "myths" are sometimes worthy of attention because they may embody a germ of truth. For the purpose of contrast Washington is compared with Napoleon who was "much greater as a general and more efficient as a statesman" but "infinitely smaller . . . in . . . personal character." Napoleon might have won the American Revolution in three years but he never would have been content to be "the chief founder of our Republic". The author contends that native genius and not environment made Washington the great leader. In proof he cites the fact that other Virginians had the same environment but none of them attained his measure of ability. The qualities which made him "the indispensable man in history" were courage, good judgment, "power to win the hearts of men", "magnanimity joined to a sense of duty", and goodness based on personality. The faultless, saintly Washington "largely created by anecdotes" must be abandoned because not in accord with facts. The book is well documented and among secondary works there are references to Rupert Hughes, Ford, Haworth, Corbin, Lossing and Wilstach. While there is ground for a difference of opinion on certain interpretations, few misstatements of facts, such as "nine years of war" in the Revolution, have been found. Maps and illustrations would have added materially to the value of the presentation. No one who reads the volume with care will pronounce it redundant; nor is it likely to become a best seller. —A. C. FLICK, University of the State of New York.

Dr. Morton C. Kahn went to the country of the Bush Negroes solely, as he says, to collect specimens of their artifacts for the American Museum. Although he disclaims previous ethnographic training, Dr. Kahn has nevertheless, in *Djuka: The Bush Negroes of Dutch Guiana* (New York, The Viking Press, 1931; xxiv, 233 pp. $3.50), turned out a judicious compilation of data which considers every important phase of the life of the people, giving us a picture of the culture pattern as a whole. The facts which Dr. Kahn collected are not set down in strictly topical order, as would have been

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the case had the book been intended for purely professional use; yet the informality of the presentation combined with a personal element which is present in just the proper proportion makes the book delightful reading, to the person in search of profitable entertainment as well as to the student of anthropology. Dr. Kahn possesses the rare ability to forget that he is a white man, and looks at the native ideas from an impartial point of view. As the author admits, the blacks among whom he sojourned are a difficult people to question. That he succeeded in obtaining so much information from them speaks highly of his ability as an investigator. The Bush Negroes of Dutch Guiana are the descendants of slaves who escaped from the plantations of Surinam, where they were hideously mistreated. Many of these slaves came from the factory of Coromantyn on the Gold Coast, where the most troublesome and rebellious blacks were to be found; the founders of the Bush Negro colony were people born in Africa who had spent very little time under white domination, and who were thus able to carry over into a familiar environment many elements of their native culture. Since different tribes were represented, a common language was devised, which is based on English and Dutch, and contains some words of French, Spanish, Indian and African origins. This is called *talkee-talkee*, and can with some practice be understood by a speaker of English; besides this speech some tribes have a second language called *deepee-talkee* or *odo*, which they refuse to reveal. The social phenomena of matrilineal descent and the avunculate were probably carried over from Africa, as were the worship of the snake, the alligator and the silk-cotton tree. The use of white clay bodily ornamentation in religious ceremonies, the complicated technicalities of drumming and of the dance, are unspoiled African transportations, as is the practice of scarification for decorative purposes. The whole technique of wood carving too has been transplanted without alteration. Indian cultural elements are rare. The manioc-squeezer and the use of the panier and tump-line are exceptions. The Bush Negroes have apparently had little to do with the Indians, whom they hold in mutual distaste. Although the ancestress of one of the tribes is said to have been an Indian woman, and although the early white envoys, sent to patch up truces, were provided with women during their visits, Dr. Kahn feels that there is no perceptible Indian or white blood in this group. He is certain that there has been no mixture over a long period of time. It would be interesting to study this people from a physical standpoint and to compare them with the

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blacks of the present Gold Coast. Two facts make these Bush Negroes notable: the importation of an African population and an African culture into the New World, without its passing through the white man's strainer, as all other importations have done; and the political independence of this people, their ability not only to defend themselves against European conquest but also to exact tribute from their former owners. In the world of the primitive, they put themselves on an equal plane with the defenders of Tafilelt and the haughty Abyssinians. They seem to be an excellent people, described most humanly in an excellent book.—CARLETON S. COON, Peabody Museum, Cambridge, Mass.

The first publication of the Netherlands Economic Institute is by A. J. W. Renaud and is entitled *Wholesale and Retail Prices in Holland and Belgium* (Haarlem, Erven F. Bohn, 1931; 2 vols., Part I, xii, 104 pp.; Part II, tables and graphs). It is a scientific attempt to determine to what extent one country is more expensive than another, and is based on studies of official statistics and field investigation of typical conditions in Belgium and Holland. Mr. Renaud found that after inflation was stopped in Belgium, wages lagged far behind prices in the process of adaptation to a new monetary standard. He came to the general conclusion that prices are lower in Belgium, but that when quality, service and a lower wage level are taken into consideration, the situation is not so clear. Belgium is cheaper for those living on fixed incomes, it would seem, but real wages are higher in the Netherlands. The methods which Mr. Renaud employed and the problems which he encountered will prove of much value to his successors in attempting the extension of similar research.—S. B. CLOUGH, Columbia University.

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